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SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 50—WEDNESDAY, MAY 19, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Richard Alleyn, Barrister, Quebec, Que.
Mr. Charles Arthur Bowman, Editor "Citizen", Ottawa, Ont.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1926

EXHIBIT FILED

No. 168—Copy of telegram dated Quebec, August 19th, 1920, from Lucien Moraud to G. W. Taylor, Esq., Deputy Minister, Department of Inland Revenue, Ottawa, *re* Plamondon offering to plead guilty and pay minimum fine of two hundred dollars without imprisonment, and denounce other parties implicated.

MINUTES OF PROCEEDINGS

WEDNESDAY, 19th May, 1926.

A meeting was called for 10.30 a.m.

Present: Messrs. Mercier (Chairman), Doucet, Kennedy and Stevens—4.

Committee counsel present: Messrs. Calder and Tighe.

A quorum not being present, the Chairman announced that the Committee would meet at 3.30 p.m.

The Committee met at 3.30 p.m., Mr. Mercier, the Chairman, presiding.

Present: Messrs. Bell, Bennett, Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Père and Stevens—9.

Committee counsel present: Messrs. Calder and Tighe.

The minutes of yesterday's meeting were read and adopted.

Moved by Hon. Mr. Stevens,—That the auditors be authorized to examine and report on the books and records of,

1. R. J. Sapera and Co., 197 Spadina avenue, Toronto.
2. Model Dress House, 116 Spadina avenue, Toronto.

Motion agreed to.

Mr. Richard Alleyn, barrister, Quebec, Que., was called and sworn, and examined respecting the "Plamondon" case. He filed,—

Exhibit No. 168—Copy of telegram dated Quebec, August 19th, 1920, from Lucien Moraud to G. W. Taylor, Esq., Deputy Minister, Department of Inland Revenue, Ottawa, *re* Plamondon offering to plead guilty and pay minimum fine of two hundred dollars without imprisonment, and denounce other parties implicated.

Witness discharged.

Mr. Charles Arthur Bowman, Editor, Citizen, Ottawa, Ont., was called and sworn, and examined in regard to editorial comments respecting the committee which appeared in the Citizen.

Witness discharged.

The Committee adjourned until to-morrow at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

WEDNESDAY, May 19th, 1926.

The Special Committee appointed to investigate the administration of the Department of Customs and Excise, and charges relating thereto, met at 3.30 p.m., the Chairman, Mr. Mercier, presiding.

RICHARD ALLEYN called and sworn.

By Mr. Calder, K.C.:

Q. In 1920, Mr. Alleyn, were you a practising barrister and solicitor in Quebec?—A. Yes, sir.

Q. Quebec city?—A. Yes, sir.

Q. You were a partner in the firm of Moraud and Alleyn?—A. Yes, sir.

Q. Was your firm concerned in the prosecution of one Olivier Plamondon for Excise violations?—A. Yes, sir.

Q. Did you personally conduct this prosecution?—A. Yes, sir.

Q. Or did Mr. Moraud intervene in it?—A. I conducted the prosecution.

Q. Was anything done by Mr. Moraud at the Ottawa end in the proceedings?—A. Not that I remember. To the best of my knowledge nothing was done by Mr. Moraud.

Q. To the best of your knowledge the matter was entirely in your hands; you acted for the Customs and Excise Department as agent in that case?—A. Yes, although the instructions for prosecution were addressed to Mr. Moraud, but I acted for him; I looked after that.

Q. Entirely?—A. Yes.

Q. Consequently, you can tell us everything that your office has done in this connection?—A. I believe so.

Q. I suppose, in the ordinary way, the file of the department was put in your hands was it not?—A. Not this file.

Q. You had the advantage of the various reports in the matter, did you not?—A. Only the reports that are contained in my record.

Q. Have you your record here?—A. I brought my file.

Q. The summons sent to you Mr. Alleyn, required you to produce documents, telegrams, correspondence, written instructions, exchanged with and received by the Department of the Interior during the months of June, July, August, September, October and November, 1920, about the proceedings instituted by the Collector of Inland Revenue vs. Plamondon, et al. You were summoned to bring these personally and as a partner of the legal firm of Moraud and Alleyn?—A. Yes.

Q. That includes your office record?—A. Yes.

Q. There is nothing in the summons which is not included in your record?—A. No.

Q. I am going to read into the record, Mr. Alleyn, the report by the Deputy Collector, LaRue, dated August 13th, 1920, which summarizes the facts of the case, and tell me if there is anything there stated to which you take exception in view of later knowledge?—A. Yes.

Q. "August 12th, 1920.

INLAND REVENUE, CANADA,
Division Number 8, Quebec.

Deputy Minister of Inland Revenue,
Ottawa.

SIR,—I beg to enclose herewith seizure report 699 of three red copper stills and one galvanized tin still of the capacity of about thirty gallons, three lead worms, about 2,000 gallons wash, forty-five gallons spirits, 1.7 U.P. and a large quantity of other articles as enumerated on seizure report No. 699, Excise form No. 4, executed on the eleventh instant against Mr. Olivier Plamondon, jobber and manufacturer of this city.

At 2 p.m. on the 11th instant, I was informed of a large illicit distillery being operated by Mr. Olivier Plamondon at 45 and 47 Sault-au-Matelot street, Lower Town, Quebec.

Accompanied by Mr. Excise Enforcement Leon Hardy I proceeded immediately to the premises above mentioned and we found the doors locked. Mr. Officer Hardy then broke open the doors and we found on the second floor the three copper stills installed on three gas stoves ready to work. The four floors of the building were filled with barrels of wash which were transmitted to the stills through a rubber hose. We then seized the contents of the building, and Officer Hardy was left in charge to supervise the work of removing all the stock.

Police Sergeant Ludger Couture was requested by me to have a constable in attendance at the doors of the building all the time so as to keep away the public and protect the plumbers I had hired to disconnect all the machinery, and labourers to destroy all the wash and help carters to remove all articles seized to the Customs examining warehouse. As Olivier Plamondon though was not found on the premises when we entered the building, it was apparent that somebody had been there operating the stills a few moments before our arrival. We could not place Plamondon under arrest immediately, but early on the morning of the 12th instant, as it was feared that Plamondon could escape, I have given instructions to Mr. L. Moraud, attorney for the Department, to have necessary proceedings entered in court so as to have Plamondon placed under arrest. I am informed by Mr. Attorney Moraud that the warrant was immediately issued and executed and Plamondon pleaded not guilty before Hon. Judge Choquette yesterday and held for hearing on Thursday, 19th next on $2,000 bail.

Under these circumstances I think it would be advisable if the Department were to instruct the attorney to take proceedings at once against Plamondon before the hearing of the case on the 19th because it is opportune that a severe punishment should be given the case in this instance so as to put a stop to this illicit trade which has been going on on a large scale.

I remain, sir, your obedient servant,

(Signed) LARUE."

Is it "V" or "N"?—A. I do not remember.

Q. I think it is "N. LaRue" Deputy Collector. This represents the facts as you were instructed?—A. As far as I remember, yes, to the best of my knowledge.

Q. What proceedings were entered by you as agent for the Department?—A. A complaint was laid against Plamondon for having distilled spirits.

Q. Under what section?—A. I believe it is 180.

Q. That was laid when, on the 12th August?—A. Around that time, I do not know the date, I have not got it here.

Q. I have here a record of the court:—

"The information and complaint of Leon Hardy of the city of Quebec, Preventive Officer of the Department of Inland Revenue and Interior, Dominion of Canada.

Received this 12th day of August in the year one thousand nine hundred and twenty, before the undersigned, a judge of the sessions of the peace in and for the city of Quebec: Do declare on or about the 12th day of August, 1920, in the city of Quebec, in the district of Quebec, one Olivier Plamondon doing business at numbers 45 and 47 Sault-au-Matelot Street, in the said city of Quebec, has had illegally in his possession, without license then in force, under the provisions of the Inland Revenue Act, Chapter 51 of the Revised Statutes of Quebec, stills without having been given the necessary permit by the said city and contrary to sub-section "E" of section 180 of the said Statute and against the form of the said Act in such case made and provided.

It is signed "Léon Hardy, sworn before me in the city of Quebec the year and day herein first mentioned.

(Signed) CHOQUETTE,
J. S. P."

These were the first proceedings taken against Mr. Plamondon?—A. As far as I remember the first proceedings were taken around the 12th August.

Q. Was this case fought by Hardy?—A. By Plamondon.

Q. By Plamondon, I should say, yes?—A. Plamondon appeared and was let out on bail and he pleaded not guilty. Do you wish me to go ahead?

Q. Yes.—A. He pleaded not guilty and the case was set for trial. We were instructed, or we knew afterwards that he had offered to turn King's evidence; he had made an offer to the Department, if I remember well.

Q. Are you able to state when he made that suggestion that he should act as King's witness?—A. No, I do not recollect the date.

Q. It was not done through you, at first?—A. I see on the record a telegram from myself to the Department, in which I suggested that I saw Plamondon and his solicitors and that he plead guilty and turn King's evidence if he was not going to be sentenced to jail.

Q. Do you know the date of that telegram?—A. Yes, I have it here. I have a copy of it: That was the 19th of August. But I am under the impression that was not the first step taken by Plamondon.

Q. You think other steps were taken?—A. Yes.

Q. Who were Plamondon's solicitors?—A. Sevigny and Sirois.

Q. Is that the present Judge Sevigny?—A. Yes.

Q. Do you know, up to the time of the present case being tried, whether he had been acting for the Department, or whether Sirois had been acting?—A. I could not tell you.

Q. I seem to see something on the file to the effect that this case was turned over to you because Messrs. Sévigny & Sirois have had Plamondon as their client, and, therefore, did not want to appear against him?—A. I do not believe, to that time they had been acting for the Department, but about that time Messrs. Sévigny & Sirois were practising law at the commencement of their practice; I do not remember whether it was before or after that case, but they had not been practising more than a few months.

Q. At that time, he was not a member of Parliament?—A. No sir.

Q. Will you proceed? That is the basis, to my belief, that the case was changed from Messrs. Sévigny & Sirois over to your office.

This is a letter dated August 18th, 1920, emanating from your office and written to the Deputy Minister, Department of Inland Revenue, Ottawa:

"QUEBEC, August 18th, 1920.

Mr. the DEPUTY MINISTER,
Department of Inland Revenue,
Ottawa.

DEAR SIR,—We beg to send you herewith a preliminary report of proceedings taken by us against Oliver Plamondon, Jr., in whose possession three stills and a great quantity of alcohol and malt were found last week.

As it was urgent that proceedings be taken without delay, and as Messrs. Sévigny & Sirois, your solicitors, seemed to represent the defendant, M. Larue, your Quebec representative asked us to take the necessary steps for the immediate arrest of Plamondon.

We have acted in accordance with his instructions and Plamondon was arrested immediately. The accused then was let out on bail of $2,000, and the date set for the preliminary hearing in his case was the 19th of this month.

Owing to the fact that we have not yet received instructions from you, and due to Mr. Sévigny's absence to-morrow, we had that date changed for the 20th, and the preliminary hearing will take place on the later date.

We were informed this morning that Plamondon intended to plead guilty and as we feared that the magistrate might be too lenient towards the accused, we took it upon ourselves to have the following complaint sworn to before the magistrate.

(*a*) For manufacturing spirits illegally;
(*b*) For having had in his possession spirits which he knew had been illegally manufactured;
(*c*) For having had in his possession an empty barrel of spirits on which the marks have not been obliterated;
(*d*) For having sold spirits which he knew had been illegally manufactured."

You did not appear to be desirous of leaving him any loop-holes; that is practically everything he could be accused of under the law?—A. Yes.

Q. The letter continues:

"We have also been instructed to lay an information against the party who had made stills.

The above informations were laid with a view to convincing the court that the accused is a dangerous criminal, so that he would get a proportional sentence, should he plead guilty.

This affair has moved the public opinion very deeply hereabouts, and has taken much importance, and the public opinion seems to expect that the guilty party or parties will be severely dealt with.

That is why we have thought it advisable to have the revenue officers to lay the above informations.

Will you kindly let us have your instructions without delay.

Yours truly,

(Signed) MIROUD & ALLEYN."

You say, up to that moment, apparently, there was no knowledge on your part that Plamondon intended to plead guilty and turn King's evidence?—A. No.

Q. On the condition he was not to be imprisoned?—A. Not when he laid these complaints, I was not.

Q. I do not find the telegram to which you allude, dated August 19th?—A. I might leave you a copy. It is addressed to Georges W. Taylor.

Q. Read it into the record, please.—A. It reads as follows:

EXHIBIT No. 168.

"QUEBEC, August 19th, 1920.

GEORGES W. TAYLOR, Esquire,
Deputy Minister, Department of Inland Revenue,
Ottawa.

Your telegram received *re* Olivier Plamondon. The accused, through his attorneys Sévigny & Sirois, offers to plead guilty and pay the minimum fine of $200 without imprisonment and denounce the other parties implicated. Please give us your instructions before to-morrow if possible.

LUCIEN MORAUD."

Q. That is the 19th?—A. Yes. If you will allow me; in this telegram I say, "Your telegram received," then I say, I am under the impression that previous to that he must have done something towards turning King's evidence.

By the Chairman:

Q. File this copy.—A. I will file it. (Exhibit 168.)

The CHAIRMAN: It will be exhibit No. 168.

By Mr. Calder, K.C.:

Q. The telegram to which you allude is dated August 20th, 1920, and reads as follows:

"AUGUST 20th, 1920.

LUCIEN MORAUD, Esquire,
Barrister, Dominion Building,
Quebec.

Your letter *re* Plamondon. Proceed as stated. See amendments mailed for increased penalty under section 185. No preliminary hearing should take place for complaint under 180, and case should be tried summarily as provided by 132."

Then there was a letter dated August 20th, 1920, a copy of which I find on the file, addressed to Lucien Moraud, reading as follows:

"AUGUST 20th, 1920.

LUCIEN MORAUD, Esquire,
Barrister, Quebec.

DEAR SIR:—With further reference to my recent correspondence respecting the case of Mr. Olivier Plamondon, I am advised by Messrs. Sévigny & Sirois, attorneys for Plamondon, that the latter has given you the names of four other parties connected with this case, with the understanding that he is pleading guilty under section 180 but would be condemned to the minimum fine.

I beg to state the Department approves of this agreement and you are therefore instructed to lay one complaint only against Plamondon under section 180 of the Act, either for having distilled spirits or for having a still in his possession. You will note that section 180 states that the minimum penalty shall be $200, and one month's imprisonment. The Department will not, therefore, insist on the imprisonment portion of the sentence, and the magistrate's attention should be drawn to section 1028 of the Criminal Code, which provides that whenever the offender shall be liable to different degrees or kinds of punishment, the punishment

to be inflicted shall, subject to the limitations contained in the enactment, be in the discretion of the court or tribunal before which the conviction takes place.

Please also see ex parte Kent 7, C.C. page 447, and Rex vs. Robidoux, 2, C.C.C. page 19."

Now, having read to you that letter, is it not your impression that the first proposition, to you at least, that Plamondon should turn King's evidence came from Messrs. Sévigny & Sirois?—A. It may have come from Messrs. Sévigny & Sirois, but I am under the impression that Plamondon offered to turn King's evidence a few days previous to, or immediately after having appeared on being arrested.

Q. Did he say that to you, or his own solicitors, first?—A. I do not know about that.

Q. You did not deal directly with Plamondon, seeing he was represented?—A. To the best of my knowledge, his solicitors told me that they had communicated with the Department and had offered to turn King's evidence. That is why we wired on the 19th for instructions.

Q. Immediately after this correspondence did Plamondon reveal to you the evidence that he was to give?—A. I think he did, when he was satisfied that the Department would not insist upon his being condemned to jail.

Q. Who would satisfy him as to that?—A. Well, we had instructions.

Q. The letter I have just read?—A. If you will allow me, I will just see. (Shows letter to witness). Yes, I believe it would be that letter.

Q. And the matter was submitted, for further certainty, was it not, to the Department of Justice?—A. Yes.

Q. The letter which you evidently have not got on your file, is addressed by the Assistant Deputy Minister of Inland Revenue to the Deputy Minister of the Department of Justice, reading as follows:

"AUGUST 25th, 1920.

The DEPUTY MINSTER,
Department of Justice,
Ottawa.

SIR:—Section 1028 of the Criminal Code provides that whenever the offender shall be liable to different degrees or kinds of punishment, the punishment to be inflicted shall, subject to the limitations contained in the enactment, be in the discretion of the court or tribunal before which the conviction took place.

It would appear this applies to section 1080 of the Inland Revenue Act, which imposes both fine and imprisonment. In fact this was decided in the case of Rex vs. Robidoux, 2, C.C.C. page 19, and also exparte Kent, 7, C.C.C. page 447. It was ruled in these cases that unless there is express provision to the contrary, an enactment which authorizes both fine and imprisonment for the summary conviction the offence is to be construed as giving discretion to the magistrate to impose fine or imprisonment, or both. If you refer to these decisions you will note that they were given with regard to prosecution taken under section 180 of the Inland Revenue Act, which is section 150 of the old Act, so that there is not, in my mind, the slightest doubt that section 1028 of the Criminal Code applies to all prosecutions taken under above quoted section of the Inland Revenue Act.

This apparently does not satisfy Mr. Justice Choquette of Quebec City, before whom the Department has taken a certain number of pro-

secutions, under section 180 of the Inland Revenue Act. Mr. Justice Choquette claims that as this section provides for both fine and imprisonment, he has no other alternative than to send him to jail, if the Department may not insist on the imprisonment portion of the sentence. He has therefore requested the Department, before rendering sentence, in each case, to obtain your opinion as to whether or not he may dispense with the imprisonment, and I shall be glad to have you advise me in this regard at your earliest convenience.

As the sentence against the parties concerned has been suspended pending expression of your opinion, I would request you to give the matter your immediate attention."

Do you know whether, on August 25th, Mr. Justice Choquette had rendered sentence?—A. I do not think so.

Q. Had Plamondon pleaded guilty at that time?—A. Yes, I believe that Plamondon's instructions were given, through his solicitors, that he would plead guilty if the term of imprisonment was not insisted upon. Then came the question of imprisonment, and Mr. Justice Choquette said that according to his opinion he had to give a sentence of both fine and imprisonment.

Q. Whereat Mr. Plamondon must have been somewhat disappointed?—A. He was disappointed because I think he had turned King's evidence for that reason.

Q. With regard to the question of King's evidence, will you tell me whether it is a fact, as I am instructed, that he turned King's evidence to secure a conviction against the men who were in his employ?—A. I think there were four of those men who had been employed by him, another was practically his partner, and another was a man who had built the stills.

Q. In other words, Plamondon turned King's evidence, and furnished proofs which led to the conviction of men who had been employed by him, and solicited by him in the carrying on of the distillery business?—A. Partly, sir. One was his partner.

Q. With whom did the idea originate? I have not the evidence before me. —A. I cannot say as regards that. I know it was on Plamondon's evidence that they were all condemned. Plamondon furnished the information to me. Alfred Dombroski, Sr., was connected with it. Plamondon was something like the manager, as far as I could see.

Q. Are my instructions correct that Plamondon also induced Dombroski to enter into that partnership?—A. I do not know about that; I do not think the evidence revealed that. I know Dombroski was a partner in the business. I found that out through Plamondon.

By Hon. Mr. Stevens:

Q. How many convictions were there in this case?—A. I think there were seven arrests, sir. Six were convicted and one was acquitted.

Q. This was on evidence given by this man Plamondon?—A. Yes, by Plamondon.

Q. Who had already turned King's evidence?—A. Yes sir.

By Hon. Mr. Bennett:

Q. The arrangement was approved of by the Department, by which he was to do so—A. Yes. As a matter of fact, in the other six cases the Department did not want those persons sentenced to jail; they told us they did not wish these people to go to jail; not only in the Plamondon case.

By Mr. Calder, K.C.:

Q. Having submitted the matter to the Department of Justice, the Department of Customs and Inland Revenue wired your office as follows:

"OTTAWA, August 25th, 1920.

L. MORAUD, Esquire,
Dominion Building,
Quebec.

Have sentence against Olivier Plamondon suspended pending opinion of Justice Department on section 180 Inland Revenue Act. Instructions to prosecute other parties being mailed."

Ultimately was an opinion of the Department laid before Mr. Justice Choquette?—A. I believe there was. I have here the letters from the Department of Justice.

Q. Would that be the opinion dated at Ottawa, August 25th, 1920?—A. I have one of August 25th. Yes, Mr. Calder, that is right; August 25th, 1920.

Q. This letter reads as follows. (Reads):

"OTTAWA, August 25th, 1920.

SIR,—Referring to your letter of this date, Number 4552, in connection with the prosecutions pending before Judge Choquette, of Quebec City, under Section 180 of the Inland Revenue Act, I am of the opinion that Section 1028 of the Criminal Code clearly authorizes the court to impose a fine or imprisonment or both for infractions of said Section 180 of the Inland Revenue Act.

I have the honour to be, sir,

Your obedient servant,
W. STUART EDWARDS,
Assistant Deputy Minister of Justice.

To the Assistant Deputy Minister of Customs,
Ottawa."

That was transmitted by a letter of August 27 to you, was it not?—A. I believe so; we have a copy of it.

Q. Which letter reads as follows. (Reads):

"*Re Hardy v. Plamondon*

OTTAWA, August 27th, 1920.

LUCIEN MORAUD, Esq.,
Barrister, etc.,
Dominion Bldg.,
Quebec, Que.

SIR,—I beg to enclose herewith a communication received from the Assistant Deputy Minister of Justice, with regard to the interpretation of Section 180 of the Inland Revenue Act. You will note that it is therein stated that Section 1028 of the Criminal Code gives the magistrate discretion to impose either a fine or imprisonment or both in any prosecution under the above quoted section of the Inland Revenue Act.

I shall be pleased if you would supply Mr. Justice Choquette with a copy of this prosecution in order that sentence may be rendered against Plamondon, and all other parties connected with this case at the very earliest moment, as per instructions contained in my letter of the 25th instant.

I remain, sir,

Your obedient servant,
Assistant Deputy Minister, Inland Revenue."

E.P.C.G.

That was put before Mr. Justice Choquette, as a matter of fact, by a letter written by you on the 25th of August, when you reported that this had been laid before Mr. Justice Choquette—A. I believe it was.

Q. And Mr. Justice Choquette proved obdurate?—A. He thought that, according to his interpretation of the law, he had to impose a sentence of imprisonment.

Q. What was done upon Mr. Justice Choquette insisting that he had to sentence Plamondon to both fine and imprisonment? Sentence was actually passed, or was any attempt made to withdraw the complaint?—A. Yes. When Mr. Justice Choquette saw he had to do that, we reported to the Department, saying that they had pledged their word not to send Plamondon to jail, we reported and the Department told us to lay another complaint which called for a fine only.

Q. Was that under Section 185?—A. Yes.

Q. You reported as follows. (Reads):

"*Re Olivier Plamondon*

SEPTEMBER 2nd, 1920.

Mr. the DEPUTY MINISTER,
Department of Inland Revenue,
Ottawa.

SIR,—In accordance with your instructions contained in your wire of the 28th of August, and confirmed yesterday by 'phone, we have made a new complaint against Olivier Plamondon under Section 185 of the Inland Revenue Act, and have applied for withdrawal of the complaint already laid under Section 180.

Mr. Justice Choquette hesitates to take it upon himself to allow us to withdraw our complaint for the following reasons: Plamondon on first appearing before Mr. Justice Choquette after his arrest, pleaded not guilty. A few days later, after the Department has been consulted and an understanding reached that Plamondon should plead 'guilty', he would not be condemned to jail, he again appeared before Mr. Justice Choquette and changed his plea of 'not guilty' to one of 'guilty'.

We applied this morning to be allowed to withdraw that complaint, but the court refused, on the ground that we could not withdraw such complaint when the accused had pleaded 'guilty'. The latter immediately moved to be allowed to change his plea of 'guilty' to that of 'not guilty', so that we could withdraw our charge.

Mr. Justice Choquette took the motion 'en délibéré' holding that Plamondon could not be allowed to change his plea again, and stating that he would submit the matter to the Attorney General of the Province of Quebec, in order to know whether he could accept this new change of plea.

The matter is now in the hands of the Attorney General, and should the latter be willing to permit it, Plamondon will be allowed to change his plea so as to enable us to withdraw our charge under Section 180.

The other accused parties have been arrested, and their trial is bound to come up next week. We will keep you informed of any new development.

Yours truly,
MORAUD AND ALLEYN."

Apparently the Attorney General reported adversely, did he not?—A. Pardon me; if I remember well, I interviewed the Crown Prosecutor myself, and they thought they would not interfere with it. I think Mr. Justice Choquette's report would show that, or his stated case.

By Hon. Mr. Bennett:

Q. The contention was that the provincial authorities had nothing to do with it?—A. That it was a Federal prosecution. He did not know if a man, after having pleaded guilty, could change his plea, and he wanted to consult the authorities.

By Mr. Calder, K.C.:

Q. The next is a letter from the firm of Moraud and Alleyn to the Deputy Minister of Inland Revenue, which reads as follows. (Reads):

"Re Olivier Plamondon

OTTAWA, September 9th, 1920.

DEAR SIR,—With further reference to the action taken against Olivier Plamondon, in connection with the seizure of stills, we beg to report as follows:

As mentioned in our letter of the 3rd of this month, on instructions from you, we applied for withdrawal of the complaint laid against Plamondon, under Section 180, and laid a new complaint against him, under Section 185, on which he pleaded guilty. Mr. Justice Choquette then stated that he could not allow us to withdraw our complaint against Plamondon, under Section 180, because the latter had pleaded guilty. He took the case en délibéré and rendered judgment yesterday morning. By his judgment he decided that Plamondon could not change his plea of 'guilty' to that of 'not guilty' on the charge laid under Section 180, and that we could not withdraw our complaint. He therefore proceeded to sentence Plamondon to $200 and two months in jail. The latter has taken an appeal and has been liberated on bail, pending the decision of the court in the appeal. Sentence has been suspended on the charge laid under Section 185 until the Court of Appeal has decided the other case.

The Court of Appeal will sit in October. Kindly advise us what your instructions are concerning the appeal entered by defendant. We will send you a complete report on the whole matter in a few days.

Yours truly,

MORAUD AND ALLEYN."

(No answer).

By Hon. Mr. Bennett:

Q. Is Mr. Justice Choquette a stipendary magistrate?—A. Yes, sir.

Mr. CALDER, K.C.: His jurisdiction is a little greater, I think, Mr. Bennett.

Hon. Mr. BENNETT: But he is a provincially appointed magistrate?

Mr. CALDER, K.C.: Yes, he is.

Hon. Mr. BENNETT: That is all I wanted to find out.

By Mr. Calder, K.C.:

Q. What was done upon the appeal; was it ever prosecuted to a finish?—A. When the appeal was taken, it was to come up at the term of the court on the 10th of October, I believe. There are two terms in the year. One on the 10th of October, and one on the 10th of April, and we were given to understand by the department that Plamondon had applied, or his solicitors had applied to the Department of Justice, to be pardoned upon that part of his sentence upon which he had to go to jail, and they told us to leave the appeal for the next term. In the meantime we were instructed that Plamondon had been pardoned, and

the imprisonment portion of his sentence had been struck off by the Department of Justice, and that he had paid the fine.

The CHAIRMAN: Can you give us the date of that, Mr. Calder?

Mr. CALDER, K.C.: I have it here, Mr. Chairman.

By Mr. Calder, K.C.:

Q. Was this the decision communicated to you? (Reads):

"CANADA, DEPARTMENT OF SECRETARY OF STATE,
OTTAWA, 7th October, 1920.

SIR,—Referring to your letter No. 4852 of the 18th ultimo to the Remissions Branch, Department of Justice, dealing with an application of clemency made by Sévigny & Sirois, Barristers, of Quebec, on behalf of one Olivier Plamondon, who was recently sentenced by His Honour Judge Choquette to pay a fine of $200 and to serve two months' imprisonment for possessing an illicit still, I am commanded to inform you that his Excellency the Governor General has been pleased to order that Plamondon be not called upon to serve the sentence of two months' imprisonment, and that he be released from further liability for this sentence as soon as the $200 fine has been paid.

His Excellency's decision has this day been communicated to the Solicitor for Plamondon.

I have the honour to be, sir,
Your obedient servant,
P. PELLETIER,
Acting Under-Secretary of State.

To the Deputy Minister of Inland Revenue,
Ottawa, Ont., Canada."

Thereupon you say the appellant desisted from his appeal?—A. Yes.

Q. And he paid his fine?—A. I think his fine had been paid before that.

Q. It was paid on the 9th of October, according to the receipt of F. M. Houghton, Office of the Peace. It is dated the 9th of October, 1920, and reads as follows. (Reads):

"Received from O. Plamondon the sum of $200 for fine in case No. 1232, Leon Hardy v. O. Plamondon.

(Sgd.) F. M. HOUGHTON,
Office of the Peace."

That is correct?—A. Yes.

Q. That ended the matter, as far as Plamondon was concerned?—A. Yes. The minute of the Department of the Secretary of State which you have just read was forwarded to us with a letter from the Department of Customs and Inland Revenue of the 14th of October, in which it was stated that the fine had been paid, and that we were to see that the imprisonment sentence be not executed because the Secretary of State had pardoned Plamondon.

Q. That ended the matter, as far as Plamondon was concerned?—A. As far as I know, yes.

Q. You say that out of the seven accused, six were convicted, and one acquitted?—A. Six were convicted.

By Hon. Mr. Bennett:

Q. As far as your evidence is concerned, in the case of Plamondon, what was done was that Plamondon was to carry out the arrangement by which he turned King's evidence, as sanctioned by the department or by Mr. Taylor?—

A. Yes. The whole thing in the Plamondon case, as far as I know, turned on the fact that he turned King's evidence.

Q. That is what I gathered?—A. The whole thing turned upon that.

Q. And Judge Choquette, despite the opinion of the Department of Justice, still thought a fine and imprisonment were necessary, and not imprisonment alone?—A. Yes. If you will allow me, there are two Justices in Quebec—

The CHAIRMAN: You should answer the question first.

Hon. Mr. BENNETT: I thought he was answering it.

WITNESS: So I was. I was going to say that there were two Justices in that court; Justice Choquette and Justice Lachance. Justice Choquette held that he had to sentence to imprisonment, and Justice Lachance was of the contrary opinion, and two of these parties who were almost as guilty as Plamondon, I believe, went before Justice Lachance and were not sentenced to imprisonment. It was a question of interpretation, I think.

By Hon. Mr. Bennett:

Q. It was a question of the interpretation of section 1028 of the Code?—A. Yes.

Q. As applied to the Excise Act?—A. Yes.

Q. Application was made then to the Remissions Branch of the Department of Justice to carry into effect the proceedings that were instituted before?—A. Yes. From correspondence I have, the department felt it was bound to carry it out, because it was on that condition that Plamondon had revealed the names of the others.

Q. And pleaded guilty?—A. Yes.

Mr. CALDER, K.C.: That is all I have on this case.

By Mr. Calder, K.C.:

Q. Was that $200 subsequently remitted to Plamondon?—A. It was paid out.

Q. Was it remitted to Plamondon; was he reimbursed the fine?—A. I do not believe so. I think it was sent up to Ottawa.

By Hon. Mr. Bennett:

Q. Have you the record?—A. I have nothing to do with that part, but I do not believe it was.

By Mr. Donaghy:

Q. You had the names of others accused, and the necessary evidence to convict them before this man offered to turn King's evidence?—A. No, sir.

Q. Did you not have the names before this man offered to turn King's evidence?—A. I think we had the names of two or three before, but not the names of the six, or, of the man that had built the stills. We did not have those names.

By Mr. Calder, K.C.:

Q. Have you any knowledge of the following letters, one written by Page & Cloutier, written on the 2nd of June, 1924, which I will translate, and which reads as follows. (Reads):

"Re Olivier Plamondon.

June 2, 1924.

The Department of the Minister
of Inland Revenue and Excise,
Ottawa.

GENTLEMEN,—Kindly send us the information in your possession concerning a complaint laid against Olivier Plamondon for the illegal possession of a still, on which complaint he was declared guilty and fined.

It would appear that following that condemnation, the amount of the fine which he had paid was refunded to him, as he was subsequently proven as innocent.

Unfortunately, we cannot give you the exact date of infringement, nor of the condemnation, but according to the information we possess, the case was judged at Quebec, Que, a couple of years ago.

Trusting you will be able to give us the desired information, we beg to remain,

Yours truly,

PAGÉ & CLOUTIER."

A. If you will allow me—

Hon. Mr. BENNETT: That is hearsay of the worst kind.

Mr. CALDER, K.C.: But that is introductory to a letter emanating from the department. It says—

Hon. Mr. BENNETT: But a man writes a letter which says so and so—

Mr. CALDER, K.C.: It has no evidential value, whatever, I admit.

The WITNESS: I think I could explain that evidence—

By Mr. Calder, K.C.:

Q. Now, it is the subsequent letter which is important. It reads as follows:

"Re *Plamondon du Gillard*

Messrs. PAGÉ & CLOUTIER,
Barristers and Solicitors,
83 Craig St. W.,
Montreal, Que.

I acknowledge receipt of your letter of the 2nd June. According to the information on the files, Plamondon was fined $200 and paid the amount in question. I do not know that it is necessary to tell you whether there was a remittance of that fine or not, as this information is confidential, and I do not believe there is any obligation for the department to advise you thereof. I regret the department cannot grant your request.

Yours very truly,
Departmental Solicitor for Commissioner."

The CHAIRMAN: Where is that dated? At Ottawa?

Mr. CALDER, K.C.: It is dated at Ottawa.

Hon. Mr. BENNETT: 1924?

Mr. CALDER, K.C.: 1924. It is signed "Departmental Solicitor for Commissioner."

The CHAIRMAN: Are there any initials at the bottom of the letter?

Mr. CALDER, K.C.: AOR/AR. This (indicating) is translation of the original copy, but unfortunately the initials on this are "FL."

By Mr. Calder, K.C.:

Q. You were going to tell us that you knew something about this letter?—A. I know in a very indirect manner; in 1924 Plamondon was arrested while in Montreal for defrauding the public. That was a different thing. He was arrested by the provincial authorities, and I believe he went to see a lawyer in Montreal, and in order to show them that he was a very good man, I suppose, he told him if he had been to jail he had proved himself innocent afterwards. That is the only explanation I can see. He was found guilty on this charge in 1924.

By Hon. Mr. Bennett:

Q. So far as you know there was no remission of the fine?—A. Yes.

Q. That is what I thought you said.—A. I don't know that it was remitted to him.

Hon. Mr. BENNETT: We could easily find out from the department.

Mr. CALDER, K.C.: I was trying to find out if Mr. Alleyn knew anything about it.

The WITNESS: I don't know anything about it.

By Mr. Calder, K.C.:

Q. As far as your operations as agent for the department were concerned, you do not know anything about it?—A. Absolutely nothing, but I was always under the impression that the department got it and kept it; that is, in the ordinary course of evidence. I don't know.

By Mr. Donaghy:

Q. Were all six of these accused arrested?—A. Yes, sir.

Q. Within how many days of one another? Do you remember?—A. I think the complaint must have been laid against four of them on the same day, and against the other two a few days after, although I am not positive; it must have been in August—a few days after, anyway, upon instructions from the department.

Q. Was the complaint laid against Plamondon at the same time that it was laid against three or four others?—A. It had been laid against Plamondon for some time, but it was after he had turned King's evidence that the complaints were laid against the others.

Mr. DONAGHY: I want to get some time fixed as to when he turned King's evidence. Are there any letters on the file that would indicate about what date that was?

Mr. CALDER, K.C.: The arrangement was confirmed on August 25.

The CHAIRMAN: That has been read?

Mr. DONAGHY: What date were the charges laid against the other parties? I want that in order to get these dates.

By Mr. Donaghy:

Q. To whom were the names of these other confederates furnished? Were they furnished to you?—A. I believe they were furnished to the Preventive Officer.

Q. Who was that officer? What was his name?—A. Leon Hardy.

Q. And whom do you think furnished this information to the Preventive Officer in Quebec?—A. I believe it was Plamondon.

Q. Personally?—A. Personally, because I met him when the time came to get the evidence for the other trials. I met Plamondon on instructions from the department, and we arranged the evidence; he gave me the names of witnesses and he is the one who gave us the information.

Q. Did you not have information until you secured it from Plamondon?—A. As I told you, I think when we arrested Plamondon, we knew he had somebody working for him. It may be we had the names of two or three, but not of all. I have conducted the cases, and I will say that without Plamondon we would not have succeeded in getting conviction.

Q. You could have called him anyway, as a witness? You did not need his consent for that?—A. Yes, but I think he is a very clever man.

Q. You think he might have lied?—A. We might have had trouble with him, if he had wanted to buck.

Mr. CALDER, K.C.: He might not have lied, but he might have equivocated.

By the Chairman:

Q. Were those seven who were arrested employees of Plamondon?—A. There were four of them who were working on salary; another was a partner, and another was the one who had built the stills and installed the stills. That was six, and Plamondon was seven.

Q. Was any one a carter?—A. Yes; he was amongst the four.

Q. Amongst the four?—A. I think so.

Q. Then Plamondon turned King's evidence, was pardoned, and the case afterwards was withdrawn from appeal, and his partner and all his employees were put in jail on his information?—A. They were found guilty.

Q. On his information?—A. On his information.

Q. And he went free on payment of $200?—A. Yes, he paid the fine which the Court imposed upon him.

By Hon. Mr. Bennett:

Q. He was not pardoned?—A. He was not pardoned.

Q. Then the Chairman was wrong as to that? The fine of $200 remained, but the imprisonment was remitted in accordance with the promise made by the deputy minister, and which you carried out?—A. Absolutely; he was not pardoned.

The CHAIRMAN: He was saved from going to jail.

Hon. Mr. BENNETT: As they promised him, if he would turn King's evidence.

Mr. CALDER, K.C.: Mr. Donaghy asked when the information and complaints had been laid against the others, Alfred Dombroski, Joseph Lelievre, Albert Giguere, Lio Giguere, Odilon Giguire, and Raoul Giguere. It was between the 25th and 27th of August.

Q. Because your letter of the 27th of August reported the informations as having been laid?—A. Yes.

Witness discharged.

CHARLES ARTHUR BOWMAN called and sworn.

By Hon. Mr. Bennett:

Q. Mr. Bowman, I believe you are the managing editor of the Ottawa Citizen?—A. I am the editor, Dr. Bennett.

Q. Of both the morning and the evening editions?—A. Yes sir.

Q. Am I correct in assuming from that answer that you are responsible for the editorial column?—A. I am.

Q. I presume you recollect the editorial column of the 19th of April, 1926, headed "Incompetent Administration," in respect to this investigation?—A. I can hardly—

Q. (Handing newspaper to witness). Look at that; we cannot expect you to remember every date.—A. (Referring to newspaper). Yes, I am responsible for that.

Q. You might just take a look at that, because I am going to ask you some questions about it in a moment.

Mr. Bowman, of course you have followed this investigation for a considerable time, that is clear, is it not; since it opened, in fact, and I direct your attention to this paragraph in your editorial:

> "The parliamentary committee has, so far, shielded some higher placed parties who are involved in the moral breakdown of the Customs administration."

Can you give me any instance that would assist us in being able to meet that observation, the names of any witnesses whom we might call?

The CHAIRMAN: In order not to take you by surprise, I might say that this statement was on Monday, April 19th, 1926.

The WITNESS: That was just my opinion, Dr. Bennett.

By Hon. Mr. Bennett:

Q. Mr. Bowman, was your opinion based upon any evidence that you can give to this Committee that will assist us in discharging a public duty?—A. At that time, yes.

Q. What was it?—A. Well, I should say one would be the delay in printing the Duncan Report.

Q. That is what you had in mind?—A. I should say so, yes.

Q. That is your sole answer with respect to that?—A. I should say that is one answer.

Q. Perhaps you will give me another.—A. No, I do not think I need give any more.

Q. Had you, at that time, or have you now, any further evidence that you can give to us that will assist us to discharge this public duty?—A. I do not think I can give you anything you did not know, Dr. Bennett.

Q. May I ask you this further question then; you have not had any means of ascertaining what my knowledge was or is? I have not had the pleasure of meeting you, and the loss is not all mine. You might intimate what you mean by the last answer, what I did not already know, as you did not know what I already know; I do not know what you mean.—A. I am just a casual observer of the Committee and you are supposed to be a member of it here every day.

Q. Not necesarily every day, it is not a matter of comment, but you reprimand me for not being present, when I was in Western Canada on political business. May I ask you this further question:

> "The general impression among outside observers is that certain Conservatives as well as Liberals have stultified themselves. The opposition has no heart for venturing along paths of investigation that may lead to the exposure of political associates."

Would you be good enough to give us the names of the associates to whom you refer? On behalf of my colleagues, I am authorized to say, if you can give us any names of witnesses that will enable us to bring out evidence that will affect Conservatives or Liberals we will be glad to have it.—A. I have just said that that was written before the publication of the Duncan Report.

> Q. "The opposition has no heart for venturing along paths for investigation that may lead to the exposure of political associates."

Would you be good enough to give us evidence upon which you found these strictures?—A. That is my opinion.

Q. Based on what?—A. Failure to press for the publication of the Duncan Report.

Q. What do you mean by "pressing for publication"?—A. I did not notice any demand for it being published by any member of the Committee.

Q. Then, you probably recollect, at the opening of the Committee, Mr. Donaghy moved a motion, which was seconded and carried, that this Committee take up seriatum the charges in the Duncan Report?—A. Yes.

Q. You remember that?—A. Yes.

Q. This Committee was dealing with charges in the Duncan Report.—A. Yes.

Q. You knew that?—A. Yes.

Q. And that is the only explanation you can give for saying:

> "The opposition has no heart for venturing along paths of investigation that may lead to the exposure of political associates?"

—A. That was my opinion.

Q. You can give us the names of no witnesses, or any testimony that will assist us in arriving at what you mean when you speak of the exposure of political associates, that is Mr. Stevens, Mr. Doucet, Mr. Bell and myself, being members of the opposition, and who, you said "have no heart for venturing along paths of investigation that may lead to the exposure of political associates." Would you be good enough now, to tell us who the associates are, and the paths along which we do not care to venture? I am here to assure you, on their behalf, as well as my own, if you give us the names we will use to the best of our ability the machinery of this Committee to have them brought here.—A. Since then, you have done that; you have published the Duncan Report.

Q. The question is, our political associates, the exposure of political associates, whom Mr. Stevens, Mr. Bell, Mr. Doucet and myself, are preventing. You alleged that on the 19th of April, and that is why I want the names of the men to whom you refer in order that they be brought here and an inquiry made? —A. The question of exposure is neglect to bring their activities before the public, that is what I meant by that. You have done that since.

Q. To whom do you refer?—A. The particular men who are mentioned in the Duncan Report.

Q. To whom do you refer as political associates?—A. Two, Mr. White and the Civil Service Commissioner, who was formerly a political associate of yours.

Q. You did not say "former," you said, "exposure of political associates"? —A. Perhaps I might have put "former and present political associates".

Q. Give us another name; you have given Mr. White and Mr. Jameson?— A. I had not any particular individual in mind. I had in mind the fact that it was generally said the Duncan Report contained names.

Q. As long as you state that you had nobody in mind when you wrote that observation it is sufficient for my purpose.—A. I had no one particularly in mind.

Q. Therefore, you can give us no names of witnesses whom we may summons here in order that Mr. Calder may examine them for the purpose of the exposure of these associates.—A. Dr. Bennett, I had in mind the fact that the Duncan Report had not been published. It was general conversation that the Duncan Report contained names of Conservatives as well as Liberals.

Q. But you make no reference to that. Your statement is "the opposition has no heart for venturing along paths of investigation that may lead to the exposure of political associates."—A. Do you object to that statement?

Q. Well, I am here on behalf of myself and other members of the opposition to say to you that we very seriously object to the statement that is suggested that we are endeavouring to shield political associates?—A. But I say that—

Q. If you will give us the names I will undertake to make a motion to have them called, and I ask you again to furnish their names?—A. I say you have already done it; you have published the Duncan Report.

Q. It was the Duncan Report you had in mind?—A. Yes.

Q. And political associates, that would be the honourable member for Mount Royal, that is Mr. White?—A. As I say at the time the general opinion was—

Q. Never mind the general opinion, you wrote this?—A. I am expressing a general opinion, that is all I am called upon to do.

Q. You thought it your duty to slander men in the discharge of a public duty without any evidence upon which to do it; that is your conception of your duty as an editorial writer?—A. That is your conception of slander?

Q. It is libel; it is not slander, that is your answer?—A. That is my answer.

Q. Let us take a step further; on the 21st April, 1926, there is an editorial headed "An Incomplete Investigation"; perhaps you will be good enough to look at it? Mr. Bowman, while you are reading that, I suppose you are aware of the fact that neither the name of White nor of Jameson appeared in the Duncan Report?—A. Yes, I—

Q. What did you mean by your answer?—A. I mean that the publication of the Duncan Report was immediately followed by the appearance of witnesses on the witness stand.

Q. You see, they did not appear until after the editorial was written.—A. They appeared after the publication of the Duncan Report.

Q. After the editorial was written and Jameson's name was mentioned you mean; it was not before?—A. It was common property that Conservatives were involved in the Duncan Report.

Q. You said the men you mean as associates of people in this Committee were Mr. White and Mr. Jameson, and you have withdrawn your statement with respect to Mr. Jameson, and the name of Mr. White does not appear in the report. The names did not appear in the evidence till long after.—A. I would like to know what you mean, Dr. Bennett, by your question?

Q. I once more ask you for the names of any associates of the four of us on this Committee, whose exposure we were, on the 19th of April, wishing to prevent?—A. I once more state that the general opinion was that the Duncan Report contained names that involved in the same way Conservatives as well as Liberals.

Q. Neither the name of White nor Jameson were mentioned?—A. I did not use any particular name; I understood Conservatives were involved as well as Liberals, and that is what I had in mind.

Q. That meant, in your mind, the four of us on this Committee were endeavouring to prevent the exposure of the people mentioned in it?—A. I said you had no heart to do it.

Q. Meaning what?—A. I have asked you if you had any heart, and you have not answered me.

Q. That is your conception of an attack upon a parliamentary committee during its session while it is still proceeding with its work to attack them editorially—you have read it?—A. I have read the introduction to it.

Q. Just look at it, it is more than the introduction I want you to think of. I refer you, Mr. Bowman, to the editorial which I have just shown to you, dated April 21, 1926, headed "An Incomplete Investigation."—A. Yes sir.

Q. The first part of it which refers to the report that the Conservatives are particularly anxious that this investigation should close before the end of April, I will pass by, and come down to what I regard as a more important matter.

You have said this:

> "The Conservative attitude with regard to the Parliamentary Committee would indicate that the opposition has only one use for the inquiry, namely, to get back into office. The opposition wants to bring out only sufficient evidence for use in the next election."

Now, I ask you this, have you the names, which you can give to me and my associates, of whom you have spoken as Conservatives, of any witnesses that

will assist this Committee in the discharge of its duty?—A. I would reply again that I assure you I cannot tell you anything you do not know yourselves about witnesses it is desirable to call.

Q. Do I understand that in the severe strictures you have passed on the members of this Committee, particularly the Conservatives, you have no assistance to offer as to the names of witnesses, in order to remove those strictures from the members of this Committee?—A. I do not see how I can give the names of witnesses who can remove those strictures from the Committee.

Q. Whose evidence might remove those strictures from this Committee?—A. I say again that I have not the name of anyone you do not know yourselves.

Q. Do you know of anyone we ourselves know, and you also know, who has not been called?—A. No, I do not, but I do know that you have been told of cases and did not seem to want to examine them.

Q. Will you be good enough to give the name of any such witness?—A. Yes, I refer to Mr. Boivin's evidence; he told the Committee of facts which he had on file in the Department, of instances in which favours were given to Conservatives just as much as had been given to Liberals, and I have not seen that any effort was made on the part of the Conservatives on this Committee to discover what Mr. Boivin meant when he said that.

Q. Is that what you had in mind?—A. That is an instance.

Q. It would be very simple for us to call Mr. Boivin, who is the gentleman you suggest should be called as a witness.—A. Not at all, I do not suggest Mr. Boivin as a witness that is in the evidence.

Q. You made the statement that Mr. Bureau had favoured the Conservatives; I think that is the statement you made

Hon. Mr. STEVENS: That was with regard to the Boys' case.

Hon. Mr. BENNETT: Yes, with regard to the Boys' case.

By Hon. Mr. Bennett:

Q. Mr. Bowman, is that what you meant now?—A. I do not know the Boys' case particularly.

Q. In a general way?—A. No, I simply state that Mr. Boivin said there was a responsibility on the part of the Committee to find out who these people were.

Q. Was there any effort on the part of the Committee to protect Conservatives?—A. I have not said they did.

Q. You have stated, as I have observed from the language of the editorial, that what we were doing was merely using this Committee for political reasons, purely; and I ask you to give the name of any witness to whom that remark would apply?—A. I am a witness here myself, and if you want my opinion—

Q. No, we do not want your opinion. You see, your judgment is expressed in the editorials, and your judgment must have been based upon some evidence; it is either definite evidence or merely hearsay, general evidence?—A. It is not hearsay evidence. That statement is found in your own report.

Q. You refer to what Mr. Boivin said?—A. Yes.

Q. Will you give the name of any witness?—A. I can not name another one offhand; I have named one now, which seems to me a very good one.

Q. You say that the evidence establishes that the Customs Department has broken down, and it started before 1921, before the Liberals came into office, and that fact would have been brought out far more emphatically but for the performance of the Conservatives. They have most considerately refrained from probing too deeply. Why do you say that?—A. I notice the Conservatives are very keen in the examination of witnesses wherever their evidence involves the Liberals; I see no such keenness when they are examining witnesses whose evidence involves Conservatives.

Q. Name a case?—A. Well, there are numerous cases right through.

Q. Name them?—A. There is this particular case.

Q. Name another one?—A. There is the case that Inspector Duncan brought up in his report.

Q. You say the Duncan report dealt with that matter?—A. That case was considered by the Committee on the occasion of the Duncan report being submitted.

Q. That was done by Mr. Calder. And then?—A. It was not done quite to the satisfaction of the public, and that is my job, to express public opinion.

Q. You can not name, Mr. Public Opinion, so that we might know who he is and have him here as a witness?—A. He is here now.

Q. In your person?—A. Yes.

Q. I thought that it is what you would say. Look at the closing words of that editorial:

> "They have most considerately refrained from probing too deeply. Liberal Members have reciprocated by sitting back, consuming much tobacco, allowing the performance to go on until Conservative members are themselves tired of it. It only remains for the opposition to present an illuminated address to Senator Jacques Bureau, who earned the friendship of so many Conservatives while he administered the Department of Customs."

Now, Mr. Bowman, Mr. Public Opinion, you will be good enough to say; I ask you if there is any evidence, because if you have the witnesses you suggest, I am most anxious that their names should be given to us?—A. Well, I have given my reply, Doctor Bennett, that you know more than I do who should be called before this Committee; you know far more about witnesses than I can give you any information of. I am sure I do not know what you do not know.

Q. Give the name of anyone who should be called as a witness?—A. You have already done something, after having the Duncan report published.

Q. Give us the name of any witness, that is all, that will help us?—A. That is not my job, to tell you whom you should call and whom you should not call.

Q. No, you conceive it to be your duty to attack men who cannot answer, members of a Parliamentary committee; you make the assertion, and can not give the name of a single person?—A. You use the word "attack", and I have learned in a good school, I have observed some gentlemen who are members of this Committee who are quite capable of attacking other people; I have heard some very vicious attacks by these gentlemen.

Q. You see, Mr. Bowman, and I think you must realize that when you speak in general terms of the opposition abrogating their duty in this inquiry, and failing to call men whom they do not desire to give evidence, upon most serious questions—none of us take our jobs too lightly in regard to the duty cast upon us, and I had you called here merely because you have written these editorials under the heading, "An Incomplete Investigation", and my one object in asking you to be present here to-day was that you might give us the name of any witness you have in your mind who will enable us to make this investigation more complete, that the public may be better satisfied with regard to the discharge of our duties. Now can you give us any names?—A. If this Committee's work were to terminate at a certain time, it is quite obvious there could not be a complete investigation by that time.

Q. I point out to you that it was never even suggested in this Committee? —A. It was reported through the press.

Q. No, no, no other press reported it, which I have seen, except yours. Surely, Mr. Bowman, you see the seriousness of this. The words of your

editorial are, the heading, is "An Incomplete Investigation", and the inference is because we have not called all the witnesses we might that we are protecting Conservatives. Now, here are four of us and I say to you to give us the names of witnesses, and if there is anything incomplete the Committee will investigate it?—A. I repeat that the report went through the press that the work of this Committee was to be terminated at a certain time, and it was quite obvious that the investigation would be incomplete if it terminated at that time.

Q. On the 19th of April, one of the most important matters this Committee has to deal with, referring to the distilleries, had not been dealt with; the auditors are working upon it, as you know. You also make some observations in one of the paragraphs that we were endeavouring to protect the liquor interests. Do you know the names of any witness we should call?—A. I do not say you are endeavouring to protect the liquor interests.

Q. It was in the other editorial, which reads:

> "Early on in the inquiry, Mr. Stevens did start to bring out some astounding evidence about the operations of big distilleries, but something happened to that line of inquiry. It stopped completely. The committee handed it over to a firm of auditors to examine the books. Whatever the reports disclosed, much attention will be attracted to smuggling of prison-made goods at Derby Line, Rock Island and other points, and to other cases of Customs fraud. An early closing of the investigation would leave no time to enlighten the public on the bigger liquor operations, although they are the major offenders against the integrity of the Customs cordon between Canada and the United States."

Well, Mr. Bowman, when did you find that out?—A. I said an early closing of the investigation would leave no time for that. That is what I protested against.

Q. Had this Committee suggested they would close early?—A. No; it had gone through the press.

Q. What press?—A. The Canadian Press, the newspapers of the country.

Q. In this editorial you say, "Reports", and no such suggestion has been made by anyone, and the injustice of such a statement must be apparent to you?—A. Is it an injustice to say the investigation could not be complete if it terminated at a certain date?

Q. You suggest it would terminate?—A. I say the report was that it would terminate.

Q. May I take this for a fact, that as far as you are concerned—although many things might be suggested, we will leave them off—I will ask you the one question, and will give you one more opportunity, then I trust you will, forever after, hold your peace; have you any names to suggest to us, as representing the opposition in Parliament, that would enable us to expose those of our own political faith, with the result that men of our political faith would be exposed in connection with the matters referred to this Committee by the House?—A. Well, my answer is, Doctor Bennett, that I was proceeding mainly against the introduction of politics into the sitting of this Committee. I have seen a few committees and know that when politics come into the deliberations of the Committee it involves the whole value of the Committee; and that is what I am mainly concerned with, protesting against playing politics in the Committee.

Q. Once more I will ask you if you have any names to give to this Committee whose testimony would expose men of the political faith of the four members of the opposition here?—A. Once more, my answer is that the Committee, since these editorials were written, has published information to that effect. And I would refer you once again to Mr. Boivin's statement.

Q. Outside of Mr. Boivin's statement then, you have no names of witnesses to give us?—A. I never professed to have any names of witnesses you do not know yourselves who should be called here.

Q. That is not the question I am asking you, Mr. Bowman. In consequence of attacks you have made upon this Committee, I am asking you to give us the name of any witness who was in your mind at the time you made these attacks, that would enable us to make as complete investigation as it is possible to make. Have you any such names?—A. My answer is that when these editorials were written, the Duncan report had not been published. It has been since. I am not saying that that influenced us at all, but that is the fact, that it had not been published, and consequently it was fair comment, also that the Hon. Mr. Boivin has informed this Committee that on the files of the Department are the names of Conservatives whom the Minister had obliged, consequently you have all the latitude you need without me giving you any more names.

Q. But have you any more names to give?—A. None that you do not know yourself.

Q. Have you any names to give, whether we know them or not?—A. I never professed to have any names that this Committee did not have.

Q. I am not asking about any names the Committee may have. You are under oath now. Have you any names to give, in the public interest, to enable us to discharge our duties here?—A. Do you want me to suggest a witness that you can call?

Q. You have written an editorial in which you have made these remarks. Now I ask you, have you any names to give us of persons we can call to deal with this matter?—A. Yes. I will give you a name, if that will satisfy you. Call the Minister, the Hon. Mr. Bureau.

Q. But you are perfectly well aware of the fact that we cannot call him? —A. All right, you can invite him to come.

Q. That is a matter of procedure for the Committee. He could hardly be called a political associate of the Members of the Opposition, could he?—A. Well, he had some good friends on the Opposition side.

Q. But do you suggest that he was a political associate?—A. No.

Q. Your editorial says that we were protecting our associates?—A. Excuse me, Dr. Bennett, I have not said that in an editorial.

Q. The words I have read to you were simply these—I will have to find them, as my friend here says. (Reads):

> "The Opposition has no heart for venturing along paths of investigation that may lead to the exposure of political associates."

You would hardly suggest that the Hon. Mr. Bureau is one of our political associates?—A. He is a man who has friends on both sides.

Q. That is your answer to the question?—A. Yes.

Q. Do you think that is a frank answer?—A. I have to be very careful how I answer an experienced cross-examiner like Dr. Bennett.

Q. But do you consider that a frank answer to the question?—A. Yes, I do.

Q. That because he has had good friends among his political opponents, they were his political associates; is that your answer?—A. No, that is not my answer.

Q. That is what you have said?—A. No, it is not.

Q. What have you said?—A. I have said a lot of things.

Q. Do you suggest that the Hon. Mr. Bureau is a political associate of four of us on this Committee?—A. No, I do not.

Q. Do you think there is any reason why a man of one political view should not have friends among his political foes?—A. No, not at all.

Q. Once more, have you any other names than that of Mr. Bureau?—A. I have given you the name of a witness you can call.

Q. But we cannot call him?—A. Invite him, then. If you want to go back over it again, we will go through the editorials once more.

Q. You have no names to give us, in the public interest of parties that we can examine for the purpose of enabling Mr. Calder to throw greater light upon the problems we have to deal with?—A. I would suggest that you invite the Hon. Mr. Bureau, since you are so pressing upon me to give you a name.

Q. Have you any more?—A. I cannot think of any, at the moment.

Q. Have you any more, is my question?—A. I say I cannot think of any at the moment.

Q. The one you have mentioned is not that of a political associate of the members of the Opposition on this Committee?—A. He has friends on both sides.

Q. That is once more your delightful answer?—A. That is all I suggest, that you invite Mr. Bureau.

Q. You say that the Opposition has no heart for venturing along paths of investigation that may involve their own political associates and friends. Now, I ask you for the names of any political associates we can call?—A. Or friends?

Q. Or friends?—A. You said " associates ". The editorial stated what I did say about it, but you turn around and seem to put it in some other way, so that I do not know which it is. I do not say you do it intentionally.

Q. You say:

> " The Opposition has no heart for venturing along paths of investigation that may lead to the exposure of political associates."

Those are the words I object to. If I felt, Mr. Bowman that there was any political associate of mine that we could bring here to throw light upon this matter, I would make the motion myself to-day, if you would give us his name? —A. That was based upon the tendency to be very candid about the exposure of Liberals, and not nearly so keen about the exposure of Conservatives.

Q. I suppose you realized that there were four Liberals on the Committee, and four Conservatives? (No answer).

Mr. BELL: Five Liberals.

WITNESS: Yes, and I do not understand that the Liberals were the ones who made the charges about the conditions in the Department of Excise.

By Hon. Mr. Bennett:

Q. But that was meant to be published, that there were four Liberals and four Conservatives, which you pointed out in your editorial, together with Mr. Kennedy, who has no interest in any of the Parties?—A. Yes.

Q. You might be good enough to tell me what the point in your observation was, as to political associates; whom are we protecting, and what can we do to expose them?—A. That was published before the Duncan report.

Q. Well, give us now the names?—A. You are examining me upon an editorial written before the publication of the Duncan report.

Q. You have no names to suggest, then?—A. None that you cannot call yourself, just as well as I can suggest them.

By Mr. Donaghy:

Q. When you wrote this editorial, did you base it upon rumours that the Duncan report contained some startling evidence?—A. Well, that was general talk throughout the community.

Q. And the nature of that evidence you thought warranted you in writing it?—A. That was it.

Q. Rumours as to the evidence warranted you in writing the editorial?—A. That was it.

Q. You felt that there was a demand for a complete investigation of everything the report of Mr. Duncan contained?—A. Yes, that is so, that is what the public expected would be published; the very first thing, would be the Duncan report.

Q. I suppose you observed the Committee had not gone the whole of the way in bringing out matters that were supposed to be in that report?—A. That was the feeling that prevailed.

Q. And you were trying to force a complete exposure?—A. I was simply expressing public opinion. I was not trying to force anything. I was simply expressing public opinion upon that line.

Q. Following your editorials, the whole exposure came out?—A. Well, it just happened that way.

By Mr. Doucet:

Q. When you wrote the editorial of the 19th of April, it was due to the fact, was it not, that the Duncan report had not been published?—A. That was one of the things I had in mind.

Q. You also had in mind, if I gather it rightly, that with the publication of the Duncan report, certain revelations would be made which would cause this Committee to inquire further?—A. Yes.

Q. You thought that the Conservative members of the Committee were interested in the publication of that report?—A. No, I said they had not heart to explore the thing along certain paths.

Q. Do you know, Mr. Bowman, that it was the Opposition Members of the Committee that made possible the publication of that report?—A. I have no doubt both sides finally decided to do it.

Q. But who first asked for the publication of that report?—A. I do not know. That was a matter for yourselves. I did not see any public discussion of it.

Q. But it was by members of this Committee?—A. I think you moved that it should be published.

Q. And now, you blame the Conservatives for burking the inquiry?—A. No, I do not.

The CHAIRMAN: The press of this country as well as the Chairman of the Committee understand that the press must have great latitude. Sometimes, however, an article is written according to rumour, or according to what seems to be public feeling; sometimes they are right in doing so; nevertheless, there is something we are all afraid of—death and the press.

WITNESS: Mr. Chairman, I would like to say that in making these remarks I had no desire to reflect upon anybody at all.

The Committee adjourned until Thursday, May the 20th, 1926, at 10.30 a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 51—THURSDAY, MAY 20, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Jules Henri Gauthier, R. & G. Manufacturing Company, Rock Island, Que.

Mr. Ludger Brien, Ex-Customs Preventive Officer, Montreal, Que.

Mr. George Francis Leaver, Messrs. Clarkson, Gordon and Dilworth, Chartered Accountants.

OTTAWA
F. A. ACLAND
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1926

EXHIBITS FILED

No. 169—Bank cheque, serial number 136, drawn on Hochelaga Bank at Montreal, Delorimier Branch, corner of Mount Royal Avenue, to the order of J. E. Bisaillon for $1300.00, signed by Ludger Brien in trust.

No. 170—Bank cheque, serial number 198, drawn on Hochelaga Bank at Montreal, Delorimier Branch, corner of Mount Royal Avenue, to the order of A. E. Giroux, for $300.00 signed by Ludger Brien.

MINUTES OF PROCEEDINGS

THURSDAY, 20th May, 1926.

The Committee met at 10.30 a.m., Mr. Mercier, the Chairman, presiding.

Present: Messrs. Bell, Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Père and Stevens—8.

Committee Counsel present: Messrs. Calder and Tighe.

The minutes of yesterday's meeting were read and adopted.

A letter was received from Mr. G. W. Taylor stating that Customs files in connection with seizure from J. H. Racicot, made at St. Johns, Quebec, in the year 1913-14, asked for by Mr. St. Père's motion of the 14th instant, are at present in the possession of the Crown Solicitors in Montreal, but that an effort is being made to have them returned to Ottawa.

Moved by Hon. Mr. Stevens,—That the Manager, Canadian Bank of Commerce, Walkerville, Ontario, be summoned to appear before this Committee on Tuesday, 25th May, 1926, at 10.30 a.m., and then and there produce a statement of the bank account of James Cooper, with all necessary vouchers, etc.

Motion agreed to.

Mr. Jules Henri Gauthier, R. & G. Manufacturing Company, Rock Island, Quebec, was recalled and produced a box containing books of that company.

Witness retired.

Mr. Ludger Brien, Ex-Customs Preventive Officer, Montreal, Quebec, was called and sworn, and examined in French, interpreted by Mr. Beauchamp, respecting,—

1. The liquor business formerly carried on by Mr. Bisaillon and himself, under the name of "J. E. Belisle," while employed as customs officers.
2. The seizure of the Barge Tremblay.

Mr. Calder filed,—

Exhibit No. 169—Bank cheque, serial number 136, drawn on Hochelaga Bank at Montreal, Delorimier Branch, corner of Mount Royal avenue, to the order of J. E. Bisaillon for $1,300, signed by Ludger Brien in trust.

Exhibit No. 170—Bank cheque, serial number 198, drawn on Hochelaga Bank of Montreal, Delorimier Branch, corner of Mount Royal avenue, to the order of A. E. Giroux for $300, signed by Ludger Brien.

Witness retired.

Hon. P. E. Choquette, Judge for the Sessions of the Peace, Quebec, Que., in attendance as a witness, was discharged.

Moved by Mr. Donaghy,—That the following witnesses be summoned for examination before this committee for Tuesday next, viz.:—

1. Arthur Mayer
2. Lionel Poirier
3. A. Goyette
4. J. E. Bisaillon, and
5. B. Balthazor,

who shall be required to produce all receipts and orders signed by J. E. Bisaillon for delivery of liquor or alcohol out of bond.

Also the managers at Montreal of the following:—

6. Hudon Hebert & Co.
7. Laporte, Martin & Co.
8. Lyman Bros.
9. National Drug Co.,

and to bring with them all books, cheques and documents relating to the purchase of liquor and alcohol during April, May, June and July, 1925, and particularly all dealings with J. E. Bisaillon.

Motion agreed to.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Mr. Ludger Brien was recalled. His examination was continued partly in French, interpreted by Mr. Beauchamp, and partly in English, respecting,—

1. The Barge Tremblay seizure.
2. Liquor business of Messrs. Bisaillon and Brien under the name of "J. E. Belisle."
3. Smuggled automobiles.

Witness retired.

Mr. George Francis Leaver, of Messrs. Clarkson, Gordon and Dilworth, Chartered Accountants, was called and sworn and examined in reference to the books of the R. & G. Manufacturing Company, Rock Island, Quebec, produced to-day by Mr. Gauthier. Witness will supply a list of missing books of the R. & G. Manufacturing Company.

Witness retired.

Mr. Ludger Brien was recalled and further examined.

Witness retired.

The Committee adjourned until to-morrow at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

THURSDAY, May 20th, 1926.

The Special Committee appointed to investigate the Department of Customs and Excise, and charges relating thereto, met at 10.30 a.m., the Chairman, Mr. Mercier, presiding.

JULES HENRI GAUTHIER recalled.

The CHAIRMAN: You are under the oath taken last Tuesday.

WITNESS: Yes sir.

By Mr. Calder, K.C.:

Q. Have you communicated with Rock Island as you were ordered to do?—A. Yes, by telephone.

Q. Whom did you communicate with?—A. Mr. Duncalfe himself.

Q. As a result of your communication, have you found the books that were lost?—A. I was not there. I told him to send all the books.

Q. Have you examined the books that have come up here?—A. No, I have not seen them, they came direct by express to the Committee.

Q. Is that that box of books? (Box of books just being brought in.)—A. Yes.

Q. Mr. Lever will be here at twelve o'clock?—A. I will go over them with him.

Q. Did you give Mr. Duncalfe any directions as to where he should look?—A. No, I didn't; I told him to get all the books we had.

Q. Does that mean merely the books you had when you telephoned, or the books you had at the beginning of March?—A. It would mean the books we had when I telephoned, I suppose.

Q. What was the good of doing that?—A. What do you mean, by the beginning of March?

Q. We want the missing books, not the books you had when you telephoned.

By the Chairman:

Q. We had better open the books and see what is there?—A. If there is anything not there—

By Mr. Calder, K.C.:

Q. Here is the point; Mr. Gauthier telephoned to Mr. Duncalfe and said, "Send up all the books we have now."

Mr. BELL: It seems to me the instructions which Mr. Gauthier gave are very important.

By Mr. Calder, K.C.:

Q. Did you tell him that certain books are missing, and that those are the books that are wanted to be sent up?—A. No, I did not mention that, I told him to send all the books we had, that they were required.

Q. I wish you had been a little more explicit in the instructions to Mr. Duncalfe. If you told Mr. Duncalfe to send the books you have, we will be where we were last Monday.

By Hon. Mr. Stevens:

Q. You got specific, definite instructions from this Committee?—A. Yes, I did.

Q. To instruct Mr. Duncalfe to produce or your office to produce the missing books; now did you give those instructions?—A. The way I gave the instructions was, I said, "Send all the books we have, they are required at once."

Q. That is not good enough?—A. We will check over the books with Mr. Lever.

Q. It will be more trifling, if they are not there?—A. He may have left some books there, without knowing it. I told him to send every single thing. We will look them over and check them up. I am willing to do anything. If there is anything that is not there, we will see if we can get it.

Mr. CALDER: Mr. Lever will be here at twelve o'clock. That is all.

Hon. Mr. STEVENS: Mr. Gauthier, we will examine you later.

Witness retired.

LUDGER BRIEN called and sworn.

Mr. CALDER, K.C.: I had better put a series of questions to the witness, in French, instead of translating the question and answer as we go along.

Hon. Mr. STEVENS: Pursue your point to a conclusion.

(Examination conducted in French and interpreted by the Official Interpreter, Mr. Beauchamp.)

By Mr. Calder, K.C.:

Q. What work are you engaged in now, Mr. Brien?—A. I am an insurance agent.

Q. For what company?—A. For the General Agencies.

Q. Were you formerly a Customs Officer?—A. I was, sir.

Q. In what service?—A. In the service of the Port of Montreal.

Q. Would that be the Preventive Service?—A. I was a Preventive Officer. For several years I was an ordinary officer. I was appointed to the Preventive Service five or six years previous to my resignation.

Q. At what time did you resign?—A. In 1922.

Q. Who was your chief in the Preventive Service?—A. That is to say, I had the rank or title of Preventive Officer; I was not in the Preventive Service Department, I was in the Tide Surveyors Department.

Q. But you had the title of Preventive Officer?—A. Yes.

Q. To whom were you required to report?—A. To Mr. Giroux.

Q. He was the tide surveyor?—A. Yes.

Q. Was there, at that time, the Preventive Service such as there is to-day, with a chief?—A. I do not think so, no.

Q. And you were a Preventive Officer for five years under those conditions?—A. I do not quite recall exactly whether it was as Preventive Officer or Examining Officer. There was a title or rank to enable us to reach a higher scale of salary.

Q. Did you have a writ of assistance?—A. What is that?

By the Chairman:

Q. That is to say, a degree issued by the Governor General in Council, and which is printed like a diploma?—A. I never had anything of that kind. All I had was, I was sworn in as Customs Officer.

By Mr. Calder, K.C.:

Q. And previous to being a Preventive, or Examining Officer you were tide waiter?—A. Yes, tide waiter.

Q. How long is it since you started to work in the Customs Department?—A. I started as a labourer in 1901.

Q. You became tide waiter at what date?—A. In 1902. I want to state that, apart from insurance, I handle business for a firm looking after liquidations, and Trustee and Bankruptcy, when they have work to give me.

Q. While you were in the Customs, did you have any other occupation?—A. No, sir.

Q. Were you interested in some business or other?—A. I had a certain interest at a certain period, in the latter years, the last years of my employment in the Customs.

Q. In a firm, would that be?—A. That was not a firm.

Q. In what kind of businesss then were you interested?—A. In a liquor business.

Q. Where?—A. Montreal.

Q. At what place in Montreal?—A. On Commissioner street; 167 Commissioner street, I believe.

Q. Under what name did you carry on?—A. J. E. Belisle.

Q. Were you a partner in that undertaking or business?—A. Yes.

Q. Who were your fellow partners, or your partner?—A. J. E. Bisaillon.

Q. Who is J. E. Belisle?—A. J. E. Belisle is a friend who loaned us his name, because we were Customs employees, and we did not want to carry on a business under our own names.

Q. Did Mr. Belisle have any interest in the business?—A. No.

Q. He only loaned you his name?—A. Yes.

Q. Was the firm registered?—A. No.

Q. Then Belisle really exists?—A. Yes; he existed at that time.

Q. Is he dead?—A. I have not had news about him for quite a while; quite a long time.

Q. Could you give us the name of one single person apart from Mr. Bisaillon and yourself, who knows Belisle?—A. I believe so.

Q. Give us the names of these persons?—A. I believe all of the employees and several wholesale merchants know him.

Q. Give us the names of the wholesale merchants who knew Belisle personally?—A. I can give you the name of a Mr. Martel who represented me there, because I was not in a position to devote time to the business.

Q. That is to say, who represented you in the firm?—A. In the business.

Q. Mr. Brien, we would like to have the names of persons who are not interested as partners, employees or interested directly or indirectly in the firm, that is, in the Belisle firm, who could tell us, who knew Belisle, who had seen or known Belisle?—A. There are several persons who knew Belisle.

Q. Give us the names of those persons?—A. Last week there was a Mr. Frechette in Montreal who told me that he knew Mr. Belisle quite well, and who recalled him.

Q. What Frechette is that?—A. Mr. Frechette on St. Francois Xavier street.

Q. Of the Broker's Cafe?—A. Yes, sir.

Q. He told you that he knew him personally?—A. Certainly; he told me that several other persons knew him.

Q. He told you that he knew a person named Belisle; did he state that he knew the Belisle under whose name you carried on business?—A. He told me that he knew J. E. Belisle.

Q. Where did Belisle reside when you carried on business under his name?—A. I could not tell you.

Q. Not even the street where he resided?—A. He is not a very intimate friend of mine.

Q. He was not a very intimate friend?—A. I did not know him sufficiently intimately, in order that he should give me the use of his name.

Q. Then who knew him so intimately that he should give the use of his name; would it be Bisaillon?—A. Yes, sir, Mr. Bisaillon.

Q. Mr. Bisaillon claims that he knows him no more than you do, or as little as you do?—A. Mr. Belisle was introduced to me by a Mr. Theoret, who was a shipper.

Q. What is his christian name?—A. I do not recall, but I believe it was Napoleon I am not certain as to that.

Q. Is he still living?—A. I do not think so; he was a shipper at Boivin-Wilson's.

Q. Then it is not Mr. Bisaillon who introduced you to Mr. Belisle?—A. We might have been there, all three, I do not recall.

Q. Did he suggest the use of his name, or did you request his permission to use his name?—A. I do not recall. We discussed the matter at the time, that we could not carry on business under our own names. I cannot say who made the proposal, or who suggested the thing.

Q. Was there an understanding between you and him that he would not be responsible for debts?—A. He could not be responsible, because there were no debts.

Q. When he gave you the use of his name at the outset, to cover your business, he did not know whether there would be debts or not; did he require any guarantees?—A. I do not know.

Q. See here, Mr. Brien, for a man like you, who has carried on business like that, to say "I do not know, I do not recall," that does not go here.—A. Well, I am telling you what I know.

Q. You do not know whether he required guarantees or not from you; you do not know whether you gave him guarantees or not to protect him against any possible debts, which might be contracted in his name?—A. There could not be any debts, because it was a cash business.

Q. But he did not know that it would be so; there were fines which might have been levied against J. E. Belisle, dealer in liquor?—A. If he did not guarantee that—possibly if I had been in his place myself, I might have required that guarantee.

Q. Did he require that guarantee?—A. He did not require it.

Q. And you did not give him such a guarantee?—A. No, sir.

Q. Then you recall this?—A. I recall that.

Q. Did you have any correspondence, or did you correspond with Belisle at any time?—A. No, sir.

Q. You have none of his letters?—A. No, sir.

Q. Did the Belisle firm have any books?—A. No, sir.

Q. No books whatever?—A. No books.

Q. Did the Belisle firm have a bank account?—A. Yes, sir.

Q. Under what name?—A. It was not the Belisle firm, it was J. E. Belisle. It was not a firm, I understand. All the moneys accruing from the sale of goods were deposited in my name.

Q. "Brien in trust," was that the signature?—A. I believe so. If I recall well, that is the case.

Q. Where was the bank account?—A. At the Banque d'Hochelaga.

Q. Was that the only bank account which you had at that time?—A. I must have had a personal account.

Q. Where did you have your personal account?—A. At the same bank.

Q. Under your own signature?—A. Under my own signature.

Mr. CALDER, K.C.: May I have those cheques, Mr. Stevens, the Brien cheques?

Hon. Mr. STEVENS: Yes, I will get them for you. Here they are, Mr. Calder, you might as well put them in.

Mr. CALDER, K.C.: I want to put them in by this witness, because he is the only man who can identify the signatures.

By Mr. Calder, K.C.:

Q. Mr. Brien, will you please look at these two cheques, which I show you now, and state whether these two cheques were drawn by you on the account, where the moneys accruing from the operations of J. E. Belisle were deposited? —A. The cheque to the order of J. E. Bisaillon was drawn, I believe, on the account of J. E. Belisle.

Q. And you state that, because it is signed "Ludger Brien, in trust"?—A. If I recall well, yes.

Q. And this other cheque was drawn on your personal account?—A. I am not certain, I do not recall the distinction between the two signatures.

Q. I produce as Exhibit No. 169 a cheque drawn on the Hochelaga bank at Montreal, Delorimier Branch, at the corner of Mount Royal avenue, 10520, in the amount of $1,300, to the order of J. E. Bisaillon and signed Ludger Brien, in trust, and bearing the serial number 136. I also produce as Exhibit No. 170 a cheque drawn on the same bank in Montreal, on the 29th of June, 1920, to the order of A. E. Giroux, for the sum of $300, bearing serial number 198, and the deposit No. 15690.

You are under the impression that these two cheques were drawn on separate accounts.—A. Yes, I believe so, because they are not signed in the same way, or similar.

Q. Since we are dealing with the cheques, will you tell us why the cheque for $1,300 was made out in favour of Mr. Bisaillon?—A. That must have been—

Q. As payment for profits?—A. That must have been the case.

Q. And why the cheque for $300 in favour of A. E. Giroux?—A. That had to do with a loan which I made to him.

Q. Did he reimburse you?—A. No.

Q. When you were arrested on board the train, you were supposed to have shown certain cheques which were subsequently removed from your person at Quebec?—A. Yes.

Q. Will you please produce those cheques?—A. I thought these cheques here were the cheques you speak of.

Q. No, the cheques were more numerous than that?—A. Oh no. I was under the impression that this was the Bisaillon cheque.

Q. No, Mr. Brien, because a rather large bundle or parcel of cheques was removed from your person?—A. No sir.

Q. Wait a minute. This was a bundle of cheques which you are supposed to have shown, and stated, "I can take care of Bisaillon with that."—A. I never said that.

Q. Only two cheques were taken from your person?—A. Well, two or three cheques were taken. I believe I can recall that one cheque for $1,000 was taken from me. That cheque was made out in favour of Bisaillon. That is why I stated that I believed it was a cheque for $1,000.

Q. Were not a larger number of cheques taken from your person?—A. No sir.

Q. Were not a larger number of cheques removed from your person? That is to say, cheques taken from you at Quebec to serve in evidence?—A. No sir; those cheques were seized at my home by Detective Rioux who went and made a search there, after I had reached Quebec.

Q. And after having seized those cheques from you, he handed over those cheques to you and you had them on your person while on board the train?—A. No sir. I had two or three cheques on my person, of which one was for $1,000, made out to the order of Bisaillon. I am not certain, but I am under the impression that it was the cheque you have here. I am telling you frankly. When I reached Quebec the search was made.

Q. Was that search made at your home?—A. Yes, at my home, and at the garage which I conducted, and all the papers were seized in my room at the garage, and at my home; all the papers which could be located at both places.

Q. That was the Atwater garage?—A. Yes, sir.

Q. That is where the cheques in question, of which you are speaking now, were found?—A. Yes.

Q. Where are those cheques?—A. When I was acquitted—I believe I was acquitted—

Q. Those cheques were returned to you?—A. They were returned to me.

Q. Where are those cheques?—A. I had had enough trouble with them, I did not keep them.

Q. Did you destroy them?—A. Yes, sir.

Q. How many cheques were there altogether?—A. There were a few of them; there must have been about 75.

Q. Were there other cheques to the order of Giroux?—A. There might have been a couple of cheques; small matters of, say, $70.

Q. Were not cheques payable regularly to Giroux?—A. No, sir.

Q. Did you not sign cheques in favour of Giroux so that he would close his eyes to your absence from the service?—A. No, sir.

Q. You swear that?—A. Yes, sir, I swear it.

Q. How did it happen that you had this cheque and another cheque for $1,000, to the order of Bisaillon, in your pocket while you were on the train? Why did you remove those cheques from the bundle of cheques which the bank handed to you on that day—or, rather, I did not mean which the bank handed to you on that day—but why did you remove on that day, those two cheques from that bundle of the month's cheques returned to you by the bank?—A. I had on my person, in my pocket, a few papers which had been returned to me a short while previously by the Trustee in Bankruptcy, who had handled my bankruptcy.

Q. What bankruptcy?—A My own bankruptcy. I, personally, went into bankruptcy.

Q. Was that the bankruptcy of the garage?—A. No, it was the bankruptcy of Ludger Brien, personally.

Q. Carrying on business in what manner?—A. When the U.A.S. failed, I was responsible for the endorsement and other matters. I could not meet my obligations. Then I went into bankruptcy personally. That was when all my goods and property were taken from me, and the papers were in the hands of the Trustee in Bankruptcy. He had returned a few papers to me a short while previously, papers which he no longer required, and that is why I had these papers in my pocket. I did not carry these papers on my person with the intention of using them against anybody.

Q. How does it occur that the Trustee in Bankruptcy returned two cheques to you?—A. I did not state that he only returned two cheques to me, but several papers; that was not the only thing that was in my pocket.

Q. The Trustee in Bankruptcy must have returned all the cheques to you if he took all the cheques.—A. He did not have the other cheques.

Q. Then he only had those two cheques?—A. Yes; I did not give the other cheques; these cheques happened to be mixed with my personal papers, which I had brought back from the Trustee.

Q. How does it happen that among your personal papers you should have had two cheques in particular, from the bundle of cheques for the month?—A. There are several papers which are out of place—which are not in their place —and that happened rather often.

Q. Were all the profits of the J. E. Belisle firm distributed by cheque?—A. Yes.

Q. What did you have to do in the business?—A. Not very much. I looked after the finances. I used to go there and get the money every night, and bring it to the bank.

Q. Who were your employees?—A. There was a Mr. Martell, who represented me personally.

Q. Who represented Mr. Bisaillon?—A. He was represented by Mr. Corey or Carey.

Q. Do you know his initials?—A. J. A.

Q. Was he an English speaking or a French speaking Canadian?—A. He spoke French like us. We used to call him "John". I wish to point out to the committee that we did not do smuggling; those were goods which were purchased from the wholesale merchants, and on which the Customs and Excise duties had been paid.

Q. You see, if we had the books we could check up on that, while, as it is now, we are compelled to accept your word and that of Mr. Bisaillon. Did you have books in which purchases were recorded?—A. No, we purchased according to our requirements, according to the orders.

Q. Who were your suppliers?—A. All the wholesale merchants.

Q. Without exception?—A. I do not say that we purchased everywhere, only the most of them sold to us.

Q. At what time did you start purchasing?—A. It would be about January.

Mr. CALDER, K.C.: To sum it up, a year and a half before the establishment of the Quebec Liquor Commission.

By Mr. Calder, K.C.:

Q. You never purchased outside of Montreal?—A. No, sir, never.

Q. You never made purchases directly from the distilleries?—A. No, sir.

Q. Where did you ship your goods?—A. Into Ontario.

Q. Exclusively?—A. No, we also shipped to points in Quebec.

Q. To the United States?—A. No, not to my knowledge.

Q. Did you ship any goods to Mr. Bisaillon at his farm near the boundary line?—A. No, not to my personal knowledge.

Q. Have you a shipping book?—A. No.

Q. Did you, at one time, have a shipping book?—A. No.

Q. Did you have any personal memoranda?—A. We did not require any, because we were paid before shipping out the goods.

Q. In order to make a settlement, or to check up between yourselves?—A. As I told you, I myself did not attend to this; our employees did, Mr. Martel.

Q. You had unlimited confidence?—A. So long as the money was handed over to us every night, that was sufficient to give us confidence. We shipped out the goods after they had been paid for.

Q. Then your system was this; you gave your employees a stated amount of money to buy a certain quantity of liquor, and at night they were required to make an accounting to you of that amount which you had given, plus the profits?—A. It was not exactly that.

Q. What then was your system?—A. The system was this; that whatever they required they purchased, and I paid for the purchases.

Q. You paid directly to the supplying house?—A. Yes, to the supplying house.

Q. And at night they were required to make an accounting with respect to the amount collected?—A. Yes.

Q. Did you have a warehouse, or were the goods shipped directly from the supplying house to your clients?—A. Sometimes they were shipped directly, and sometimes the shipment was sent out by the shipping department of the various supplying houses or firms.

Q. Before leaving your undertaking in the name of J. E. Belisle and Company, there was not a company—

Mr. CALDER, K.C.: Mr. Interpreter, when you say there is no company, that is not what this gentleman wishes to say; he means the words "and company" did not form part of the firm name, it was simply "J. E. Belisle."

By Mr. Calder, K.C.:

Q. Did you have any business with the American Shipping Supply Registered, 125 Commissioner street?—A. I do not recall.

Q. Had you a person by the name of Berry or Barre?—A. I believe I know a person by the name of Barre.

Q. Did you have any dealings with him?—A. We must have had; I believe we made some shipments for him.

Q. Was Mr. Bisaillon introduced to him under the name of J. E. Belisle?—A. Not to my knowledge.

Q. Was Mr. Bisaillon there, or did he remain in the office?—A. Sometimes we met there.

Q. Is not it a fact that Mr. Bisaillon remained there a large part of the day, on various occasions?—A. I do not think so.

Q. Were you both in the same part of the port of Montreal?—A. No, we were at the opposite ends of the port.

Q. Did you make out, or pay, any cheques to superior officers either as loans or otherwise? Is Mr. Giroux the only person to whom you made out cheques? He is the only person in the Customs Department to whom you paid out cheques?—A. It might have happened that I would have loaned some small amounts to other persons. They returned the money.

Q. Mr. Giroux did not return the $300 to you?—A. No. I loaned him other sums, and he returned them.

Q. He did not return to you the $300?—A. No.

Q. Did you ask him for that money?—A. I asked him some times for that amount previous to my bankruptcy.

Q. And what then?—A. He was not in a position to do so. He said, "Wait a while and I will pay you".

Q. Did you go to Saint Sulpice along with Mr. Duval?—A. Yes.

Q. That was in November, 1924?—A. Yes.

Q. At that time, you were the owner of the Atwater Garage?—A. I was the manager of the Atwater Garage.

Q. Did you go to St. Sulpice in Mr. Duval's car, or in a car which belonged to you?—A. It was in Mr. Duval's car we went there.

Q. What kind of car was it?—A. It was a McLaughlin sedan, I think.

Q. Where did you meet Mr. Duval that night?—A. At the garage.

Q. He went there to get you?—A. He came to the garage.

Q. At what time was that?—A. It would be about nine or half-past nine.

Q. Was his wife with him when he came to the garage?—A. No.

Q. Then you went for his wife after he came to pick you up at the garage?—A. Yes, we passed his home and we took his wife along with us.

Q. Where did he live?—A. At that time he lived in the northern part of Hochelaga.

Q. That is where you went?—A. Yes. I can't remember the street where he lived.

Q. Had you made an appointment with Mr. Duval before he went to the Atwater Garage?—A. I had one of my employees, Mr. Rivard, telephone him a few days previously.

Q. Did you speak to Mr. Duval over the telephone?—A. No, not I myself, I did not speak to him.

Q. On that night?—A. No, not on that night.

Q. He did not speak to you over the telephone?—A. No, I don't remember.

Q. When was the appointment made for that night?—A. When he arrived at the Atwater Garage he stated, "I have just returned from Rock Island and I have just driven Mr. Bisaillon to his home. I received your telephone message at Rock Island."

Q. Did he state whether he had received orders from Mr. Bisaillon to go to patrol the north shore?—A. No. This is what I want to modify. I cannot swear, but I have a vague recollection that he 'phoned me on his arrival from Rock Island, that he 'phoned me from the Customs. However, he came to the garage later on. I cannot state whether it was at the garage that he made the statement that he had just returned from Rock Island, or whether it was over the telephone.

Q. Through what employee did you telephone him at Rock Island?—A. Through Mr. Rivard.

Q. What was he instructed to tell him?—A. That I expected something to happen within two or three days, something which I had spoken to him about previously.

Q. You had spoken to him about something previously, then?—A. Yes.

Q. What was that about?—A. It had reference to a large seizure which was in prospect.

Q. That was the barge Tremblay?—A. I did not know that it would be the barge Tremblay.

Q. When did you speak about that for the first time?—A I spoke about that two and half months previously. This was to have happened much earlier. The first shipment which brought a cargo from Europe had an accident on the high seas, near the entrance of the Gulf; it must have returned. It was compelled to return.

Q. Could you tell us how you happened to know that a large cargo of liquor was to arrive?—A. From hearing the Americans talk.

Q. What Americans were they?—A. Mr. Neil, and Mr. Stewart.

Q. And Mr. Campbell?—A. No.

Q. Did Mr. Hearn have a part in the conversation?—A. It was Mr. Hearn who introduced me to Mr. Neil, at the outset.

Q. For what purposes did he introduce Mr. Neil to you?—A. Because I was in the garage business, and Mr. Neil used to come to Montreal with his automobile. He did not have his automobile, and he sometimes needed some person to drive him around. It was in order that I should make that money, by driving him.

Q. At what time was Mr. Neil introduced to you for the first time?—A. It must have been at the end of August, or the beginning of September.

Q. In what year?—A. 1924.

Q. Was he with Mr. Stewart at that time?—A. Do you mean Mr. Neil?

Q. Yes?—A. No; he was with another man whom I never saw afterwards.

Q. Then, it was Mr. Hearn who introduced them to you?—A. Yes.

Q. Did you meet Stewart later on, or previously?—A. I believe I met Mr. Stewart for the first time when I drove them to St. Sulpice.

Q. When did you drive them to St. Sulpice?—A. I believe it was fifteen days before the seizure was made.

Q. It was to examine the facilities there for unloading the cargo?—A. I saw by their conversation that they expected something to happen there.

Q. Did they go to the hotel, to the Dupuis Hotel? Were you with them all the time?—A. No, I did not always follow them. I know we entered the hotel, and had a glass of beer, or soft drinks.

Q. Was that at the Hotel Dupuis?—A. Yes, at the Hotel Dupuis.

Q. Did you have any conversation with the hotelkeeper?—A. No, not to my knowledge.

Q. Was it in the course of that trip that you learned that a cargo was to be unloaded at St. Sulpice?—A. It caused me to reflect, or to surmise.

Q. They did not tell you so, but you concluded or surmised that that was the case?—A. If I remember well, yes. I stated that in the course of my evidence at the trial.

Q. In the course of that trip, on the previous day, did you know that it was the barge Tremblay that was expected?—A. I believe I heard of it only two or three days previously.

Q. Then when you went down to St. Sulpice the day previous to the seizure, you knew it was the barge Tremblay?—A. I did not say the day before the seizure.

Q. I thought you had said the day previous?—A. No, I said about fifteen days, or about eight days previously.

Q. You had learned that it was the barge Tremblay, at what time was that?—A. Two or three days previous, if I remember well.

Q. Where did you learn that?—A. I heard that from Mr. Neil; I learned that from Mr. Neil.

Q. Did he tell you, or was he speaking to other parties, other persons?—A. He was speaking with his partner, and I overheard what they were saying.

Q. Were you driving them in an automobile at that time?—A. No, at that time he had his own automobile and his own chauffeur.

Q. Then where did you hear their conversation?—A. It was at the garage. They used to come to the garage.

Q. It was while they were at the garage that you overheard a conversation which revealed to you that it was the barge Tremblay that was expected?—A. I believe so, to the best of my knowledge.

Q. Did you ever go to the Harbour Commission, to see the harbour officials about the chartering of a boat for them?—A. I went to the Harbour Commission when Mr. Hearn introduced me to Mr. Neil. I believe I went there once and introduced Mr. Neil to Mr. Perrault.

Q. Then you knew Mr. Perrault before that?—A. No, not very much.

Q. You knew him in an official way?—A. I did not know him very much.

Q. Then it was Mr. Neil who asked you to introduce him to the Harbour master?—A. Yes, I believe it was the case. I do not remember exactly. I know I went to the Harbour Commission. I know I said that in my previous evidence, or the evidence given at the trial, I do not remember which.

Q. Following that interview with the Harbour master, did you go to any ship brokers?—A. Myself? No, I did not.

Q. Did you go with them?—A. No, I did not go.

Q. Did you ever go aboard the yacht Sioux?—A. Yes.

Q. Did you make the trip to Quebec and return?—A. No, sir.

Q. When did you go aboard?—A. When I went to St. Sulpice, the Sioux yacht was there.

Q. That was fifteen days previously?—A. It would be eight or fifteen days, I do not remember.

Q. You never went cruising in the Sioux with them?—A. No, they never invited me.

Q. Do you know what Neil's initials are?—A. Everybody used to call him Frank.

Q. Do you know where he resides, or did you ever hear the place of his residence mentioned?—A. In the United States.

Q. You do not know in what city?—A. I believe it is in New York.

Q. Do you know what business he was engaged in in New York? Was he a shipowner?—A. I do not know.

Q. Did you ever hear at any time, in the course of a conversation or otherwise, between Stewart, Neil, and other Americans whom you met, if they had a common undertaking, or if they carried on business under a corporate name, or a firm name?—A. No, not to my knowledge. You mean some other undertaking, apart from that one?

Q. Yes?—A. No.

Q. With respect to that undertaking, they were all together?—A. Yes.

Q. Did they have a corporate name while they carried on business together, a firm name?—A. No, it was Frank.

Q. Then Frank, apparently, was the boss of the undertaking?—A. Yes, that seemed to be the case.

Q. And the others would have been employees?—A. Yes, that seemed to be the case.

Q. You met Stewart, I suppose?—A. Yes, on two or three occasions.

Q. Was he a captain—a mariner?—A. I cannot say whether he was a captain.

Q. You met Campbell?—A. Yes, I did.

Q. What was the nature of his work? What did he do?—A. He was a "big Jack"—a large husky man; I believe he was a sailor.

Q. What did they call him?—A. "Dick".

Q. Did he not bear any other name, or have any nickname?—A. No, not to my knowledge.

Q. Did you meet any other Americans in connection with that affair?—A. No, not to my knowledge.

Q. Did Hearn seem to have anything to do with the undertaking?—A. No, sir.

Q. Then what did he have to do with that undertaking?—A. It seemed to me that they used Hearn for the purpose of chartering ships.

Q. Without taking him into the undertaking, so far as you were able to observe?—A. According to what I could observe; they did not acquaint me with their business.

Q. Did you ever, at any time, hear the name of Bisaillon mentioned in connection with that undertaking?—A. No, sir.

Q. Never?—A. Never.

Q. Did you speak to them after the seizure—the following day?—A. Yes.

Q. Did you go on board?—A. No.

Q. Then where did you meet them?—A. I met them at the garage.

Q. Did they know you had anything to do with the seizure?—A. No, not yet.

Q. Did they speak to you about the seizure?—A. Yes.

Q. Did they complain to you in person? Did they not complain that they had been "double-crossed"?—A. Double-crossed, yes.

Q. By whom? Did he not say to you that Mr. Bisaillon had double-crossed them?—A. No, not to me.

Q. Then to whom?—A. They suspected another person.

Q. Who was that person?—A. Mr. Perreault.

Q. They stated that Mr. Perreault had double-crossed them?—A. They suspected him, they did not state so.

Mr. CALDER, K.C.: They suspected him but did not state that in so many words.

By Mr. Calder, K.C.:

Q. They did not suspect him at that moment?—A. No.

Q. Did you know, at that moment, that the Quebec Liquor Commission had been looking for the same ship?—A. No, sir.

Q. Then, according to what I can gather, you listened to the conversation with your ears open and your mouth shut, while you were in the company. Will you tell us now what you learned from them as to the manner in which they conducted this business. First, where did they procure their supplies?—A. I believe they bought their liquor on the high seas from a ship carrying a larger quantity.

Q. Do you know what is the name of that ship?—A. I cannot state.

Q. They did not mention it?—A. No.

Q. Do you know where the liquor came from?—A. I understand the liquor came from Belgium.

Q. Where did they meet this ship?—A. Outside of the limits.

Q. But in the gulf?—A. On the high seas.

Q. On the high seas?—A. The gulf is the high seas.

Q. Was it in the gulf itself?—A. It was not very far from St. Pierre Miquelon.

Q. Were the ships chartered in the port of Montreal supposed to go that far?—A. I have no knowledge whatsoever about the chartering of those vessels in the port of Montreal.

Q. I understand, to go and buy that liquor from the ship having the larger quantity, there must have been other ships. Was it the same ship that started from the point of delivery which brought the cargo to Montreal?—A. I stated previously that about a month before another ship was due but that ship met with an accident. That is the ship which took the liquor according to what I heard, from the larger ship, and which was to bring the liquor to the vicinity of Anticosti Island; that was where the yacht Sioux was to convey the liquor to the United States by way of the Richelieu river.

Q. Had the Tremblay been involved in any way in attempts to make previous deliveries?—A. No, not to my knowledge, I knew nothing about the Tremblay.

Q. Did you know Captain Tremblay?—A. I knew him for the first time at the time of the inquiry in Quebec.

Q. When Mr. Duval arrived at your place on the night of the 20th of November, the seizure having been effected on the night of the 20th to the 21st of November, 1924, he did not tell you that he had received instructions to go to make a seizure?—A. I do not think so, no. I know for a fact that he called Mr. Masson from my place.

Q. And did he tell you that Mr. Masson was ill?—A. Yes.

Q. He did not propose to go and get another Customs officer?—A. No.

Q. You must have known that persons aboard the vessel were not very timid?—A. There was no danger; this was not at sea, they cannot run away and get very far in the St. Lawrence.

Q. It was not a case of running away, it was a case of hitting. If you had been alone to take $250,000 from Campbell and Stewart, would you have undertaken that alone?—A. If it was money I would have taken somebody along with me.

Q. Or if it was liquor?—A. If it was liquor, I was not capable of taking it from them. It would have to remain aboard the vessel. The captain is responsible for the vessel.

Q. According to you, Mr. Brien, who are a former Customs officer of some years' standing, Mr. Duval and his staff were sufficient to effect that seizure, together with its cargo, augmented by Neil, Stewart and Campbell, and augmented also by the persons who were there to take delivery of the cargo of liquor.

This expeditionary party or expeditionary force was sufficient?—A. Yes, because a ship may be tied, held, arrested or moored with a small rope or chain, at the wharf.

Q. Yes, in the port of Montreal?—A. But at St. Sulpice, where there were no harbour police, or any police at the wharf, a strong man, who felt like giving you a punch on the mouth, you would have seen thirty-six stars, and he could have got away. I would not have exposed myself, or faced the blow.

Q. Exactly, but Duval was liable to receive those blows?—A. I do not know.

Q. If smugglers have the reputation which we give them, there was nothing to prevent them from taking Duval and trussing him up, gagging him, and then for the vessel to lift anchor and go down the river, escape under steam, the way the Frank H. and other steam barges escaped?—A. I did not have anything to do with that. I was not called upon to do that.

Q. I understand that you no longer had authority; you were not a Customs officer then, but according to your experience, were there enough persons there to effect a seizure? If there had not been a strong party of the Quebec Liquor Commission then, do you believe that the vessel might have proceeded to Montreal that night. At all events, you have strong doubts?—A. I had nothing to do with that.

Q. You wanted to see the seizure effected, Mr. Brien; you wanted to give the information to Mr. Duval, and have the seizure effected, in the hope of a recompense, or reward, or moiety; even in that state of mind, you cannot state whether they went about it rightly, to effect the seizure. Are you very sure that the seizure was not intended to cover the unloading of the cargo there?—A. I am certain as to that.

Hon. Mr. STEVENS: Are these cheques put in, Mr. Calder?

Mr. CALDER, K.C.: Yes. They were put in as exhibits Nos. 169 and 170.

The CHAIRMAN: Mr. Brien, you are released until half-past three o'clock this afternoon.

Witness retired.

The Committee adjourned until 3.30 p.m.

LUDGER BRIEN est appelé et assermenté.

Le PRÉSIDENT: Désirez-vous témoigner en français ou en anglais?

Le TÉMOIN: En français, monsieur.

M. Calder, C.R.:

Q. Qu'est-ce que vous faites maintenant, monsieur Brien?—R. Maintenant je suis agent d'assurances.

Q. Pour quelle compagnie?—R. General Agencies.

Q. Etiez-vous autrefois officier de douane?—R. Oui, monsieur.

Q. Dans quel service?—R. Service du port de Montréal.

Q. Service préventif?—R. J'étais "preventive officer". J'ai été plusieurs années officier ordinaire. J'ai été appointé dans le service préventif cinq, six ans avant de résigner.

Q. Quand avez-vous démissionné?—R. En 1922.

Q. Qui était votre chef au service préventif?—R. C'est-à-dire, j'avais le titre de "preventive officer", mais je n'étais pas dans le département du service préventif, j'étais dans le département du "Tide surveyor".

Q. Mais vous aviez le titre de "preventive officer"?—R. Oui, monsieur.

Q. A qui deviez-vous vous rapporter?—R. A M. Giroux.

Q. Qui était "Tide Surveyor"?—R. Qui était "Tide Surveyor"?

Q. Est-ce qu'il y avait, à ce moment-là, un service préventif organisé comme celui d'aujourd'hui, avec un chef?—R. Je ne le crois pas, non.

Q. Et vous avez été "preventive officer" sous ces conditions pendant cinq ans?—R. Je ne me rappelle pas au juste si c'est "preventive officer" ou "examining officer". Il y avait un titre qui nous permettait d'aller plus loin qu'une certaine limite de salaire.

Q. Aviez-vous un "writ of assistance"?—R. Qu'est-ce que cela?

Q. Un "writ of assistance" vous permettant d'entrer. . .

Le président:

Q. C'est-à-dire un décret du département imprimé comme un diplôme.—R. Je n'ai jamais eu cela. Je n'avais pas cela. Tout ce que j'ai eu, j'ai été assermenté comme officier de douane.

M. Calder, C.R.:

Q. Et avant d'être "preventive" ou "examining officer" vous étiez "tide waiter"?—R. "Tide waiter".

Q. Depuis votre entrée à la douane?—R. Je suis entré comme "labourer" en 1901.

Q. Vous êtes devenu "tide waiter" quand?—R. En 1902. A part d'être dans les assurances, je dois dire que je travaille pour le compte d'un syndic de faillite quand il a de l'ouvrage à me donner.

Q. Pendant que vous étiez aux douanes, aviez-vous une autre occupation? —R. Non, monsieur.

Q. Etiez-vous intéressé dans un commerce?—R. J'ai eu des intérêts à un certain moment, sur les dernières années.

Q. Dans quelle firme?—R. Ce n'était pas une firme.

Q. Dans quelle espèce de commerce?—R. Dans un commerce de liqueurs.

Q. Où?—R. A Montréal.

Q. A quel endroit à Montréal?—R. Sur la rue des Commissaires, 167, je crois.

Q. Sous quel nom?—R. J. E. Bélisle.

Q. Etiez-vous associé dans cette entreprise?—R. Oui, monsieur.

Q. Qui étaient vos co-sociétaires?—R. M. Bisaillon.

Q. Qui est J. E. Bélisle?—R. J. E. Bélisle est un ami qui nous a prêté son nom parce que nous étions des employés de douane et nous ne voulions pas faire de commerce à notre nom propre.

Q. Bélisle avait-il des intérêts?—R. Non, monsieur.

Q. Il vous a prêté son nom seulement?—R. Seulement, monsieur.

Q. La société a-t-elle été enregistrée?—R. Non, monsieur.

Q. Alors, Bélisle existe réellement?—R. Il existait dans ce temps-là.

Q. Est-il mort?—R. Je n'en ai pas eu de nouvelles depuis longtemps.

Q. Pouvez-vous nous dire le nom d'une seule personne, autre que vous-même et Bisaillon, qui connaisse Bélisle?—R. Je crois que oui.

Q. Donnez-nous les noms des personnes?—R. Je crois que tous les employés, plusieurs des marchands de gros, doivent le connaître.

Q. Donnez-nous le nom des marchands de gros qui auraient connu Bélisle personnellement.—R. Je puis vous donner le nom d'un M. Martel, que me représentait là, parce que, moi, je ne pouvais pas y donner de mon temps.

Q. Qui vous représentait dans la société?—R. Dans le commerce.

Q. Monsieur Brien, nous voudrions avoir le nom de personnes qui n'étaient pas intéressées, ni comme employés, ni comme sociétaires, ni directement, ni indirectement, dans la société Bélisle, qui puissent nous dire avoir vu et connu Bélisle?—R. Il y en a plusieurs qui l'ont connu.

Q. Donnez-nous le nom de ces personnes.—R. La semaine dernière il y a un M. Fréchette, à Montréal, qui m'a dit qu'il le connaissait très bien, qu'il se rappelait de lui.

Q. Quel Fréchette?—R. Fréchette de la rue St-François-Xavier.

Q. Du "Broker's Café"?—R. Oui, monsieur.

Q. Il vous a dit qu'il l'avait connu personnellement?—R. Certainement, il m'a dit que beaucoup d'autres l'avaient connu.

Q. Il a dit qu'il a connu un Bélisle. A-t-il dit avoir connu le Bélisle sous le nom duquel vous faisiez affaires?—R. Il m'a dit qu'il connaissait Bélisle, J. E. Bélisle.

Q. Où demeurait Bélisle pendant que vous fonctionniez sous son nom?—R. Je ne pourrais pas vous dire.

Q. Pas même la rue? Ce n'est pas un ami très intime?—R. Ce n'est pas moi qui le connaissais assez intimement pour qu'il me prête son nom.

Q. Qui le connaissait assez intimement pour qu'il vous prête son nom? M. Bisaillon?—R. M. Bisaillon.

Q. M. Bisaillon prétend le connaître aussi peu que vous. Enfin!. . .—R. Bélisle m'a été présenté, à moi, par un nommé Théorêt qui était expéditeur.

Q. Quel est son premier nom?—R. Je ne me rappelle pas. Je pense que c'est Napoléon. Je ne suis pas certain.

Q. Vit-il encore, Théorêt?—R. Je pense que non. Il était expéditeur chez Boivin et Wilson.

Q. Alors ce n'est pas Bisaillon qui vous l'a présenté?—R. On était peut-être tous les trois, je ne me rappelle pas.

Q. Est-ce lui qui a proposé l'usage de son nom ou si c'est vous qui lui avez demandé?—R. Je ne me rappelle pas. On a discuté dans le temps. On ne pouvait pas prendre de commerce à notre nom. Je ne saurais dire qui a fait la proposition, qui a suggéré la chose.

Q. Y a-t-il eu une entente entre vous et lui qu'il ne serait pas responsable des dettes?—R. Il ne pouvait pas. Il n'y en avait pas de dettes.

Q. Enfin, il aurait pu y en avoir? Au commencement, quand il s'est mis en affaires pour vous couvrir, il ne savait pas qu'il n'y aurait pas de dettes; a-t-il pris des garanties?—R. Je ne sais pas.

Q. Voyons, monsieur Brien, "Je ne sais pas" et "je ne me rappelle pas", de la part d'un homme qui a conduit une entreprise, cela ne prend pas ici.—R. Bien, je vous dit ce que je sais.

Q. Mais vous ne savez pas s'il a pris des garanties, ou non, de vous; vous ne savez pas si vous lui avez donné des garanties, ou non, pour le garantir contre des dettes qui pourraient être faites à son nom?—R. Il ne pouvait pas s'en faire de dettes: c'était un commerce au comptant.

Q. Il ne savait pas cela, lui. Il y avait des amendes qui pouvaient être imposées à J. E. Bélisle, trafiquant de liqueurs?—R. S'il ne l'a pas exigé. . . Peut-être que, moi, je l'aurais exigé.

Q. L'a-t-il exigé?—R. Il ne l'a pas exigé.

Q. Et vous ne lui en avez pas donné?—R. Non, monsieur.

Q. Alors vous vous en rappelez?—R. Bien, je me rappelle cela.

Q. Avez-vous correspondu avec Bélisle en aucun temps?—R. Non, monsieur.

Q. Vous n'avez aucune de ses lettres?—R. Non, monsieur.

Q. La société Bélisle avait-elle des livres?—R. Non, monsieur.

Q. Aucuns livres quelconques?—R. Aucuns livres.

Q. La société Bélisle avait-elle un compte de banque?—R. Oui, monsieur.

Q. Sous quel nom?—R. Ce n'était pas la société Bélisle, c'était J.-E. Bélisle. Ce n'était pas une société.

Q. Je comprends.—R. Tous les argents qui provenaient de la vente de marchandises ont été déposés à mon nom, à moi.

Q. Brien "in trust", était-ce là la signature?—R. Je pense que oui. Si je me rappelle bien, c'était cela.

Q. Où était le compte de banque?—R. A la banque d'Hochelaga.

Q. Est-ce le seul compte de banque que vous ayez eu pendant ce temps-là? —R. Je devais avoir mon compte personnel.

Q. Où aviez-vous votre compte eprsonnel?—R. A la même banque.

Q. Sous votre signature personnelle?—R. Personnelle.

Q. Voulez-vous regarder deux chèques que je vous montre maintenant et dire si ce sont des chèques tirés par vous sur le compte où étaient déposés les argents provenants des opérations de J. E. Bélisle?—R. Celui-ci, celui fait à l'ordre de Bisaillon, était, je crois, sur le compte de J. E. Bélisle.

Q. Et vous dites cela parce qu'il est signé Ludger Brien "in trust"?—R. Si je me rappelle bien,oui. Et, celui-ci, c'était sur mon compte personnel, je crois, Je ne suis pas certain. Je ne me rappelle pas la nuance entre les deux signatures.

Q. Voulez-vous produire comme exhibit 169 un chèque tiré sur la banque d'Hochelaga, à Montréal, succursale Delorimier, coin avenue Mont-Royal, 10520, pour $1,300, à l'ordre de J. E. Bisaillon, signé Ludger Brien "in trust" et portant le numéro de série 136?—R. Oui, monsieur.

Q. Voulez-vous produire comme exhibit 170 un chèque tiré sur la même banque, à Montréal, le 29 juin 1920, à l'ordre de A. E. Giroux, pour la somme de $300, portant le numéro de série 198 et le numéro de dépôt 15690. Vous êtes sous l'impression que ces deux chèques ont été tirés sur des comptes différents?—R. Oui, je le crois bien, parce qu'ils ne sont pas signés pareil.

Q. Puisque nous en sommes sur les chèques, voulez-vous nous dire pourquoi le chèque de $1,300 a été versé à M. Bisaillon?—R. Cela devait être...

Q. En paiement de profits?—R. Cela devait être.

Q. Pourquoi le chèque de $300, à l'ordre de M. Giroux, a-t-il été versé?—R. Un prêt que je lui ai fait.

Q. Vous a-t-il remboursé?—R. Non, monsieur.

Q. Lorsque vous avez été arrêté sur le train, vous auriez montré certains chèques qui, subséquemment, ont été pris sur votre personne, à Québec?—R. Oui, monsieur.

Q. Voulez-vous produire ces chèques-là, s'il vous plaît?—R. Je croyais que c'étaient ceux-là.

Q. Non, ils étaient plus nombreux que cela.—R. Ah, non, j'étais sous l'impression que c'était celui-ci, de M. Bisaillon.

Q. Non, non, monsieur Brien, parce qu'on a pris une liasse de chèques assez considérable sur vous....—R. Non, monsieur.

Q. Attendez... que vous auriez montrés en disant: "Avec cela, je peux faire l'affaire à Bisaillon."—R. Je n'ai j'amais dit cela.

Q. On a pris sur vous seulment deux chèques?—R. Bien, on a pris deux ou trois chèques, mais je crois me rappeler maintenant qu'on a pris un chèque de $1,000 fait à l'ordre de M. Bisaillon. C'est pour cela que je disais que je croyais que c'était un chèque de $1,000.

Q. Est-ce qu'on n'a pas pris sur vous un nombre plus considérable de chèques?—R. Non, monsieur.

Q. C'est-à-dire, tous les chèques, provenant des opérations de J. E. Bélisle, que vous auriez pris pour les apporter à Québec, pour servir de preuve?—R. Non, monsieur. Ces chèques-là ont été saisis à ma demeure par le détective Rioux, qui est allé faire une perquisition après que j'ai été rendu à Québec.

Q. Et après les avoir saisis sur vous, il vous les a remis et vous les avez eus dans le train?—R. Non, monsieur. J'avais sur moi deux ou trois chèques dont un, je crois, de $1,000 fait payable à l'ordre de Bisaillon. Je ne suis pas certain. J'étais sous l'impression que c'était celui que vous aviez ici, je vous dis franchement, et quand j'ai été rendu à Québec, on a fait la perquisition.

Q. Chez vous?—R. Chez moi et au garage que je tenais, et on a saisi tous les papiers dans mon pupître au garage, et dans ma demeure, qu'on a pu trouver.

Q. C'était au Atwater Garage?—R. Oui, c'est là qu'on a trouvé les chèques en question dont vous parlez.

Q. Où sont-ils, ces chèques-là?—R. Quand j'ai été acquitté,—je pense bien que j'ai été acquitté...

Q. On vous les a remis?—R. On me les a remis.

Q. Où sont-ils?—R. J'avais eu assez de trouble avec, je ne les ai pas conservés.

Q. Les avez-vous détruits?—R. Oui, monsieur.

Q. Combien y en avait-il, de chèques?—R. Il y en avait quelques-uns. Il y en avait bien soixante-quinze.

Q. Il y en avait eu d'autres à l'ordre de Giroux?—R. Il pouvait y en avoir une couple, une petite affaire de $70.

Q. Est-ce qu'il n'y en avait pas régulièrement à l'ordre de Giroux?—R. Non, monsieur.

Q. Est-ce que vous ne signiez pas des chèques à l'ordre de Giroux pour qu'il ferme les yeux sur vos absences du service?—R. Non, monsieur.

Q. Vous jurez cela?—R. Je le jure.

Q. Comment se fait-il que vous ayez eu ces chèques, ce chèque-ci et un autre chèque de $1,000, à l'ordre de Bisaillon, dans votre poche, sur le train? Pourquoi les avez-vous extraits de la liasse de chèques que la banque vous a remis ce jour-là, ou, plutôt,—je ne veux pas dire que la banque vous les a remis ce jour-là, —pourquoi avez-vous pris, ce jour-là, ces deux chèques dans la liasse de chèques du mois, que la banque devait vous avoir remise?—R. J'avais dans ma poche quelques papiers qui m'avaient été remis quelque temps avant par le syndic de faillite, qui avait eu ma faillite en mains.

Q. Quelle faillite?—R. Ma faillite à moi. J'ai fait faillite personnellement, Ludger Brien.

Q. Faillite du garage?—R. Non: faillite de Ludger Brien, personnelle.

Q. Faisant affaire comment?—R. Quand la U.A.S. a fait faillite j'étais responsable des endossements et tout cela, et je ne pouvais pas rencontrer cela, alors je me suis mis en faillite personnellement. C'est là qu'on m'a dépouillé de tous mes biens, ma propriété, tout, et les papiers étaient dans les mains du syndic. Il m'avait remis quelques papiers, quelque temps avant, dont il n'avait plus besoin. C'est pour cela que j'avais ces papiers dans ma poche. Je ne les portais pas sur moi dans un but de m'en servir contre personne.

Q. Comment se fait-il que le syndic vous avait remis deux chèques?—R. Je ne dis pas qu'il m'avait remis deux chèques; plusieurs papiers. Il n'y avait pas rien que cela dans ma poche.

Q. Le syndic a dû vous remettre tous vos chèques s'il les avait pris tous?—R. Il ne les avait pas, les autres.

Q. Il n'avait que ces deux-là?—R. Oui, les autres je ne les avais pas donnés Ceux-là s'étaient trouvés mélangés dans mes papiers personnels que j'avais apporté de chez lui.

Q. Comment se fait-il que vous ayez eu dans vos papiers personnels deux chèques en particulier sur une liasse de chèques du mois?—R. Il y a bien des papiers qui sont "out of place", qui ne sont pas à leur place. Cela arrive assez souvent.

Q. Est-ce que tous les profits de la firme J. E. Bélisle et Cie étaient distribués par chèques?—R. Oui, monsieur.

Q. Que faisiez vous, vous, dans la société?—R. Pas grand'chose. Je surveillais la finance, j'allais chercher l'argent tous les soirs, je le portais à la banque.

Q. Quels étaient vos employés?—R. Il y avait un M. Martel qui me représentait, moi.

Q. Qui est-ce qui représentait M. Bisaillon?—R. Un M. Corey ou Carey.

Q. Connaissez-vous ses initiales?—R. J. A.

Q. Un Anglais ou un Canadien français?—R. Il parlait le français comme nous, on l'appelait John Carey. Je ferai remarquer au Comité qu'il ne s'est pas fait de contrebande; c'était de la marchandise qu'on achetait des marchands de gros, sur laquelle les droits de douane et d'accise avaient été payés.

Q. Si vous aviez des livres, on pourrait contrôler cela, tandis qu'on est obligé d'accepter votre parole et celle de M. Bisaillon. Aviez-vous des livres d'achat?—R. Non, on achetait au fur et à mesure; ils achetaient au fur et à mesure qu'il y avait des commandes.

Q. Quels étaient vos fournisseurs?—R. Tous les marchands de gros.

Q. Sans exception?—R. Je ne dis pas que nous avons acheté partout, seulement la plupart des marchands de gros nous ont vendu.

Q. Quand avez-vous commencé à acheter?—R. Vers janvier. . . Quand la Commission des Liqueurs a-t-elle commencé? Au mois de mai 1921?

M. CALDER, C.R.: 1921.

Le TÉMOIN: Au mois de mai?

M. CALDER, C.R.: Je crois que oui, je ne suis pas certain.

Le TÉMOIN: Nous avons fait un an et quatre mois avant.

M. Calder, C.R.:

Q. Avant l'établissement de la Commission des Liqueurs?—R. Avant l'établissement de la Commission des Liqueurs.

Q. Vous n'avez pas acheté en dehors de Montréal?—R. Non, jamais.

Q. Vous n'avez jamais acheté directement des distilleries?—R. Jamais, monsieur.

Q. Où expédiez-vous vos marchandises?—R. Dans l'Ontario.

Q. Exclusivement?—R. Non, monsieur. Nous avons expédié dans Québec aussi.

Q. Et aux Etats-Unis?—R. Non, pas à ma connaissance.

Q. En avez-vous expédié à M. Bisaillon, à sa terre, près des lignes?—R. Pas à ma connaissance, à moi.

Q. Avez-vous un livre d'expéditions?—R. Non, monsieur.

Q. En aviez-vous un dans le temps?—R. Non, monsieur.

Q. Aviez-vous des mémorandums personnels?—R. On n'en avait pas besoin, nous étions payés avant l'expédition.

Q. Mais pour vous rendre compte l'un à l'autre?—R. Je vous ai dit que ce n'est pas moi qui y voyais; c'étaient nos employés, M. Martel. . .

Q. Vous aviez une confiance illimitée en lui?—R. Du moment qu'il nous donnait l'argent tous les soirs, c'était bien aisé d'avoir confiance en lui. Nous expédions la marchandise après qu'elle avait été payée.

Q. Votre système était celui-ci: vous donniez à vos employés tant d'argent pour acheter tant de boisson, le soir ils devaient vous rendre compte de tout ce que vous leur aviez donné, plus les profits?—R. Ce n'était pas tout à fait cela.

Q. Quel était le système alors?—R. Le système: ce dont ils avaient besoin, ils l'achetaient, je le payais.

Q. Vous le payiez directement aux fournisseurs?—R. Aux fournisseurs.

Q. Le soir, ils devaient vous rendre compte de la collection?—R. De la collection.

Q. Aviez-vous un entrepôt ou si les marchandises étaient expédiées directement, sur vos ordres, des fournisseurs à votre client?—R. Nous expédiions directement, des fois; des fois, l'expédition se faisait par le département d'expédition des différents fournisseurs.

Q. Avant de laisser votre entreprise sous le nom de J. E. Bélisle et Cie. . . —R. Il n'y avait pas de "et Cie".

Q. C'était simplement J. E. Bélisle?—R. J. E. Bélisle.

Q. Avez-vous fait affaire avec la *American Ship Supply Regd.*, 125 rue des Commissaires?—R. Je ne me rappelle pas.

Q. Connaissez-vous un nommé Baril ou Barry, là?—R. Je crois connaître un nommé Barry.

Q. Avez-vous fait affaire avec lui?—R. Nous avons dû. Il me semble que nous avons fait quelques expéditions pour lui.

Q. M. Bisaillon lui a-t-il été présenté sous le nom de J. E. Bélisle?—R. Pas à ma connaissance.

Q. M. Bisaillon se tenait-il au bureau?—R. Nous nous y rencontrions des fois.

Q. N'est-il pas vrai que M. Bisaillon se tenait au bureau une grande partie de ses journées?—R. Je ne crois pas.

Q. Etiez-vous dans la même partie du port tous les deux?—R. Non, nous étions aux antipodes du port.

Q. Avez-vous payé beaucoup de chèques à des employés supérieurs, soit comme prêts ou autrement? M. Giroux est-il le seul, à la douane, à qui vous avez payé de l'argent?—R. Il a pu arriver que j'en aie prêté à d'autres, de petits montants; ils me les ont remis.

Q. Mais M. Giroux ne vous a pas remis le $300?—R. Non, monsieur. Je lui ai prêté d'autres montants, ils me les a remis.

Q. Il ne vous a pas remis le $300?—R. Non, monsieur.

Q. Le lui avez-vous demandé?—R. Je le lui ai demandé quelques fois avant ma faillite.

Q. Et puis?—R. Il ne pouvait pas. Il a dit: "Attends-moi un peu, je te paierai."

Q. Etes-vous allé à St-Sulpice avec Duval?—R. Oui, monsieur.

Q. C'était en novembre 1924?—R. Oui, monsieur.

Q. A ce moment-là vous étiez propriétaire de l'*Atwater Garage?*—R. J'étais gérant de l'*Atwater Garage.*

Q. Etes-vous descendu à St-Sulpice dans une automobile de Duval ou dans une des automobiles du département?—R. Dans l'automobile de M. Duval.

Q. Quelle espèce d'automobile était-ce?—R. Un sédan McLaughlin, je crois.

Q. Où avez-vous rencontré Duval ce soir-là?—R. Au garage.

Q. Il est venu vous chercher?—R. Il est venu au garage.

Q. A quelle heure?—R. Vers les neuf heures; à peu près neuf heures, neuf heures et demie.

Q. Quand il est arrivé, sa femme était-elle avec lui?—R. Non, monsieur.

Q. Vous êtes allé la chercher après qu'il fût venu vous chercher?—R. Nous sommes passés par chez lui, sa femme est montée dans l'automobile avec nous.

Q. Où demeurait-il?—R. Dans ce temps-là, il demeurait dans la partie nord d'Hochelaga.

Q. C'est là où vous êtes allés?—R. Oui. Je ne pourrais pas me rappeler le nom de la rue.

Q. Aviez-vous fixé rendez-vous à Duval avant qu'il aille à l'*Atwater Garage?*—R. Je lui avais fait téléphoner par mon employé, M. Rivard, quelques jours avant.

Q. Lui aviez-vous parlé, à Duval—je veux dire au téléphone?—R. Pas moi-même.

Q. Ce soir-là?—R. Pas ce soir-là.

Q. Il ne vous a pas parlé au téléphone?—R. Non, je ne me rappelle pas.

Q. Le rendez-vous a été fixé ce soir-là?—R. Quand il est arrivé au garage, il dit: "Je viens de Rock-Island, je viens de conduire M. Bisaillon chez lui, j'ai reçu ton téléphone à Rock-Island."

Q. Vous a-t-il dit qu'il avait reçu des ordres de M. Bisaillon d'aller patrouiller la côte nord du fleuve?—R. Non, monsieur. Je veux amender ma réponse: Je ne puis pas jurer, je me rappelle vaguement, il me semble qu'il m'a appelé en arrivant de Rock Island, à la Douane; il est venu au garage quand même, plus tard. Je ne puis pas dire si c'est au garage qu'il m'a dit qu'il était arrivé de Rock Island, ou par téléphone, mais ce serait seulement quelques minutes avant.

Q. Par quel employé lui avez-vous fait téléphoner à Rock Island?—R. Par M. Rivard.

Q. Quelles instructions avait-il à lui donner?—R. Que j'attendais ce dont je lui avais parlé, dans deux ou trois jours, d'ici à la fin de la semaine.

Q. Vous lui aviez parlé de quelque chose auparavant?—R. Oui.

Q. De quoi?—R. D'une grosse saisie qu'il y avait en perspective.

Q. C'était la barge *Tremblay*?—R. Je ne savais pas que ce serait la barge *Tremblay*.

Q. Quand lui avez-vous parlé de cela pour la première fois?—R. Je lui ai parlé de cela deux mois et demi avant, certain. Ça devait arriver longtemps avant. Le premier bateau qui a apporté ça d'Europe a eu un accident dans la haute mer, près du golfe, il a dû retourner.

Q. Voulez-vous nous dire comment vous saviez qu'il devait arriver une grosse cargaison de boisson?—R. Par entendre parler les Américains.

Q. Quels sont ces Américains?—R. M. Neil, M. Stewart.

Q. Et M. Campbell?—R. Non.

Q. M. Hearn était-il dans la conversation?—R. C'est M. Hearn qui m'a présenté Neill au début.

Q. A quelle fin vous a-t-il présenté Neill?—R. Parce que j'étais dans le "garage business", M. Neill venait avec son automobile; quand il n'avait pas son automobile, il vait besoin de quelqu'un pour le conduire, c'était pour que je gagne cet argent.

Q. Quand M. Neill vous a-t-il été présenté pour la première fois?—R. Ce doit être à la fin d'août, ou au commencement de septembre.

Q. 1924?—R. Oui.

Q. Etait-il avec Stewart à ce moment-là?—R. M. Neill?

Q. Oui.—R. Non. Il était avec un autre homme que je n'ai jamais revu.

Q. C'est M. Hearn qui vous l'a présenté?—R. Oui.

Q. Avez-vous rencontré Stewart plus tard, ou avant?—R. J'ai rencontré Stewart, je crois, pour la première fois, quand je suis allé les conduire à Saint-Sulpice.

Q. Quand êtes-vous allé les conduire à Saint-Sulpice?—R. Quinze jours avant, je crois, avant l'affaire de la saisie.

Q. Pour examiner les facilités de déchargement, je suppose?—R. J'ai vu par leurs conversations qu'ils attendaient quelque chose là.

Q. Se sont-ils adressés à l'hôtelier, à l'hôtel Dupuis? Avez-vous été tout le temps avec eux?—R. Non, je ne les suivais pas toujours. Je sais que nous sommes entrés prendre un verre de bière, ou de liqueur douce.

Q. A l'hôtel Dupuis?—R. A l'hôtel Dupuis.

Q. Ont-ils parlé à l'hôtelier?—R. Pas à ma connaissance.

Q. Est-ce pendant ce voyage que vous avez appris qu'on devait décharger à Saint-Sulpice?—R. Ça m'a donné à penser.

Q. Ils ne vous l'ont pas dit, mais vous l'avez conclu?—R. Si je me rappelle bien, oui. J'ai dit cela dans mon témoignage au cours du procès.

Q. Pendant ce voyage-là, ou le jour précédent, saviez-vous qu'il s'agissait de la barge *Tremblay*?—R. Je pense que je l'ai su rien que deux, trois jours avant.

Q. Alors, quand vous êtes descendu à Saint-Sulpice, le jour avant la saisie, vous saviez que c'était la barge *Tremblay*?—R. Je n'ai pas dit le jour avant la saisie.

Q. Je croyais que vous aviez dit le jour précédent?—R. Non: j'ai dit une quinzaine, peut-être huit jours avant.

Q. Vous avez appris que c'était la barge *Tremblay*, quand?—R. Deux ou trois jours avant, si je me rappelle bien.

Q. Où avez-vous appris cela?—R. Par M. Neill.

Q. Est-ce qu'il vous l'a dit, ou s'il parlait à d'autres?—R. Il parlait avec son associé. Je les entendais parler.

Q. Est-ce vous qui conduisiez la machine à ce moment-là?—R. Non. Il avait sa machine dans ce temps-là, et son chauffeur.

Q. Où avez-vous entendu leur conversation?—R. Au garage. Il venait au garage.

Q. C'est pendant qu'ils étaient au garage que vous avez surpris une conversation qui vous a révélé que c'était la barge *Tremblay*?—R. Il me semble, au meilleur de ma connaissance.

Q. Etes-vous déjà allé à la Commission du Havre voir les officiers du Havre à propos de noliser un navire pour eux?—R. Je suis allé à la Commission du Havre quand M. Hearn m'a présenté M. Neill. Je crois que je suis allé une fois présenter M. Neill à M. Perreault.

Q. Vous connaissiez M. Perreault avant cela?—R. Pas beaucoup, non.

Q. Vous le connaissiez officiellement?—R. Je ne le connaissais pas beaucoup.

Q. C'est Neill qui vous a demandé de le présenter au "Harbor Master" n'est-ce pas?—R. Oui. Je pense que oui. Je ne me rappelle pas au juste. Je sais que je suis allé à la Commission du Havre. Je sais que j'ai dit cela dans mon autre témoignage. Je ne me rappelle pas.

Q. Après cette entrevue avec le chef du port, est-ce que vous êtes allé chez un courtier en navires?—R. Moi, non.

Q. Avec eux?—R. Pas moi, non.

Q. Etes-vous déjà allé à bord du yatch *Sioux*?—R. Oui, monsieur.

Q. Avez-vous fait le voyage jusqu'à Québec et retour?—R. Non, monsieur.

Q. Quand avez-vous été à bord?—R. Quand je suis allé à Saint-Sulpice le yacht *Sioux* était là.

Q. C'est quinze jours auparavant?—R. Huit à quinze jours, je ne me rappelle pas.

Q. Vous ne vous êtes jamais croisé, dans le yacht *Sioux*, avec eux?—R. Ils ne m'ont jamais invité.

Q. Est-ce que vous savez les initiales de Neill?—R. Tout le monde l'appelait Frank.

Q. Savez-vous où il demeure, c'est-à-dire avez-vous entendu dire où il demeure?—R. Aux Etats-Unis.

Q. Vous ne savez pas quelle ville?—R. Il me semble que c'est New-York.

Q. Savez-vous ce qu'il faisait à New-York? Est-ce que c'était un armateur de navire?—R. Je ne le sais pas.

Q. Avez-vous entendu parler en aucune circonstance entre Neill, Stuart, et les autres Américains que vous avez rencontrés, s'ils avaient une entreprise en commun sous un nom de corporation?—R. Pas à ma connaissance, non. Vous voulez dire une autre entreprise que celle-là?

Q. Oui.—R. Non, monsieur.

Q. Pour cette entreprise-là, ils étaient ensemble?—R. Oui, monsieur.

Q. Est-ce qu'ils portaient un nom de corporation ou de société, ensemble?—R. Non, c'était Frank.

Q. Alors, Frank était le "boss" de l'entreprise, apparemment le chef de l'entreprise?—R. Ça m'a bien eu l'air à cela.

Q. Et les autres auraient été des employés?—R. Ça m'a eu l'air à cela.

Q. Stuart, vous l'avez rencontré, lui?—R. Deux ou trois fois.

Q. Etait-ce un capitaine, un marin?—R. Je ne peux pas dire s'il était capitaine.

Q. Vous avez rencontré Campbell?—R. Ah, oui.

Q. Lui, qu'est-ce qu'il était?—R. C'était un grand "jack", un marin, je crois.

Q. Quel nom lui donnait-on, à lui?—R. Dick.

Q. Pas d'autre nom, pas d'autre sobriquet qu'on lui donnait?—R. Pas à ma connaissance.

Q. Avez-vous rencontré d'autres Américains en rapport avec cette affaire-là?—R. Pas à ma connaissance.

Q. Hearn paraissait-il de l'entreprise?—R. Non, monsieur.

Q. Qu'est-ce qu'il faisait dans cette affaire-là?—R. Ça m'a l'air qu'ils se servaient de Hearn pour noliser les navires.

Q. Sans l'intéresser dans l'entreprise, d'après ce que vous avez pu voir? —R. D'après ce que j'ai pu voir. Ils ne m'ont pas mis au courant de leurs affaires.

Q. Avez-vous entendu, en aucun temps, prononcer le nom de Bisaillon dans cette affaire?—R. Non, monsieur.

Q. Jamais?—R. Jamais, monsieur.

Q. Leur avez-vous parlé après la saisie?—R. Le lendemain, oui.

Q. Etiez-vous allé à bord?—R. Non, monsieur.

Q. Où les avez-vous rencontrés?—R. Au garage.

Q. Est-ce qu'ils savaient que vous étiez mêlé à la saisie?—R. Pas encore.

Q. Est-ce qu'ils vous ont raconté la saisie?—R. Oui, monsieur.

Q. Est-ce qu'ils se sont plaints de quelqu'un? Est-ce qu'ils ne se sont pas plaints d'avoir été "double-crossed"?—R. "Double-crossed", oui.

Q. Par qui? Ils ne vous ont pas dit que Bisaillon les avait "double-crossed"?—R. Pas lui.

Q. Qui, alors?—R. Ils en ont douté un autre.

Q. Qui?—R. M. Perreault.

Q. Ils ont dit que M. Perreault les avait "double-crossed"?—R. Ils le doutaient bien, ils ne l'ont pas affirmé. Ils semblaient s'en douter.

Q. Ils ne se sont pas doutés de vous, à ce moment-là?—R. Non, monsieur.

Q. Saviez-vous, à ce moment-là, que la Commission des Liqueurs cherchait le même navire?—R. Non, monsieur.

Q. D'après ce que je peux voir, vous avez écouté les conversations, oreilles ouvertes, bec clos, pendant que vous étiez avec eux? Voulez-vous nous dire maintenant ce que vous avez appris d'eux sur la façon dont ils conduisaient cette entreprise? D'abord, où achetaient-ils leurs spiritueux?—R. Je crois qu'ils ont acheté cela en haute mer, d'un bateau portant plus grande quantité.

Q. Savez-vous quel est ce bateau?—R. Je ne pourrais pas dire.

Q. Ils ne l'ont pas mentionné?—R. Non, monsieur.

Q. Savez-vous d'où venaient les spiritueux?—R. J'ai cru comprendre que cela venait de Belgique.

Q. Où rencontraient-ils le navire?—R. En dehors des limites.

Q. Mais dans le golfe?—R. En haute mer.

Q. Le golfe, c'est la haute mer, pratiquement. Est-ce que c'était dans le golfe même?—R. Ce n'était pas bien loin de St-Pierre Miquelon. Ça m'a eu l'air à cela.

Q. Est-ce que les vaisseaux qu'ils nolisaient dans le port de Montréal devaient se rendre jusque-là?—R. Je n'ai pas eu connaissance de cette nolisation de vaisseaux de Montréal, du tout.

Q. Je comprends. Enfin, pour aller acheter sur un navire portant plus grande quantité, ils devaient avoir des navires. Est-ce que c'était le même navire qui faisait la traversée depuis le point de livraison sur la haute mer jusqu'à Montréal?—R. J'ai dit tout à l'heure qu'un mois, à peu près, avant, il devait venir un autre navire qui a eu un accident, n'est-ce pas? C'est ce

bateau-là qui prenait cela, d'après ce que j'entendais parler, à bord du gros navire et qui devait apporter cela jusqu'alentour de Pointe-au-Père, et c'est là que le yatch *Sioux* devait le prendre pour le transporter, par la rivière Richelieu, aux Etats-Unis. Ce n'est pas Pointe-au-Père, c'est autour de l'île Anticosti.

Q. Le *Tremblay* avait-il été concerné en aucune façon avec les tentatives de livraison précédentes?—R. Pas à ma connaissance. Je ne connais rien du *Tremblay*.

Q. Connaissez-vous le capitaine Tremblay?—R. Je l'ai connu la première fois lors de l'enquête, à Québec.

Q. Quand Duval est allé chez vous, le soir du 20 novembre, la saisie ayant eu lieu dans la nuit du 20 au 21 novembre 1924, il ne vous a pas dit qu'il avait reçu instructions d'aller faire une saisie?—R. Je ne pense pas, non.

Q. Il n'a pas dit que Bisaillon. . .—R. Je sais qu'il a appelé, par exemple, de chez moi, M. Masson.

Q. Et est-ce qu'il vous a dit que Masson était malade?—R. Oui, monsieur.

Q. Il n'a pas proposé d'aller prendre un autre officier?—R. Non, monsieur.

Q. Vous deviez savoir que les gens à bord étaient des gens qui n'avaient pas froid aux yeux?—R. Il n'y a pas de danger. Il n'y avait pas de danger. Ce n'était pas en mer. Ils ne pouvaient pas prendre l'épouvante et se sauver bien loin dans le fleuve St-Laurent.

Q. Il ne s'agissait pas de se sauver, il s'agissait de cogner. Si vous aviez eu, seul, à enlever $250,000 à Campbell et Stuart, auriez-vous entrepris de le faire?—R. Si c'avait été de l'argent, j'aurais pris quelqu'un avec moi.

Q. Ou de la boisson?—R. De la boisson, je n'étais pas capable de la leur enlever. Il fallait que cela reste là, à bord. Le capitaine est responsable de son vaisseau.

Q. Pour vous, parlant comme un ex-douanier, M. Brien, M. Duval et Madame Duval suffisaient pour aller saisir la barge *Tremblay* avec son équipage augmenté de Neill, Stuart et Campbell, et augmenté des gens qui prendraient livraison de la boisson le groupe d'expédition était suffisant, d'après vous? —R. Certainement, parce qu'un vaisseau arrêté—il y en a souvent des saisies de vaisseaux—tout ce qu'ils ont à faire c'est de mettre une petite corde ou une petite chaîne de rien.

Q. Cela c'est dans le port de Montréal; mais à Saint-Sulpice où il n'y a pas de police du havre, un bonhomme qui aurait voulu aurait pu vous donner un coup de poing sur la gueule—que vous en auriez vu trente-six chandelles—et se sauver.—R. Je ne me serais pas mis au blanc.

Q. Justement, Duval se mettait au blanc?—R. Je ne sais pas.

Q. Si les contrebandiers ont la réputation qu'on leur prête, il n'y a rien qui pouvait les empêcher de prendre Duval, de le ligoter et de la bâillonner, ensuite de lever l'ancre et descendre, s'échapper comme le bateau à vapeur *Frank-H.* s'est échappé? En bonne conscience, croyez-vous qu'il avait suffisamment de monde pour opérer une saisie comme celle-là?—R. Ce n'était pas moi d'y voir.

Q. Je comprends que vous n'aviez plus d'autorité, vous n'étiez pas douanier. Dans votre expérience y avait-il assez de monde pour faire une saisie de cette importance; si les employés de la Commission des Liqueurs n'avaient pas été là en force, ce soir-là, croyez-vous que le navire serait monté à Montréal? Vous en doutez beaucoup à tout événement?—R. Ce n'était pas de mon ressort.

Q. Monsieur Brien, vous vouliez faire la saisie, vous vouliez la dénoncer à M. Duval, et la faire dans l'espoir d'une récompense, n'est-ce pas?—R. Oui.

Q. Même avec cet état d'esprit, dans votre opinion, s'y était-on bien pris pour faire la saisie? Etes-vous bien certain que la saisie n'était pas destinée à couvrir le déchargement?—R. Ça, je suis certain de cela.

Le Comité s'ajourne à 3.30 de l'après-midi.

AFTERNOON SITTING

The Committee resumed at 3.30 p.m., the Chairman, Mr. Mercier, presiding.

LUDGER BRIEN recalled.

By Mr. Calder, K.C.:

Q. You informed Mr. Duval, on the night of November 20, that the barge Tremblay would be at St. Sulpice?—A. Yes.

Q. He did not know about it before you told him so?—A. He did not know where it was.

Q. Was it after you told him that he 'phoned Mr. Masson?—A. I cannot recall whether it was before or after.

Q. Was it after your conversation that he 'phoned Mr. Masson?—A. He wanted me to wait.

Q. It was following upon your conversation?—A. Yes, it was after my conversation.

Q. After you had told him what was involved he 'phoned Mr. Masson?—A. Yes.

Q. Previous to that he did not seem to know that the barge Tremblay was involved in the case?—A. He did not tell me.

Q. He did not tell you that Mr. Bisaillon had spoken to him about it?—A. No.

Q. He did not tell you that Bisaillon had given him orders for that particular night?—A. No. I had forbidden him to say anything to Mr. Bisaillon.

Q. You had forbidden him to say anything to Mr. Bisaillon, why?—A. Because I wanted to be sure of my seizure.

Q. By telling that to the Chief of the Preventive Service you would have been more certain of your seizure?—A. I hadn't mentioned Mr. Bisaillon in particular; I said not to speak about it to any person. When there are several persons, the division of the moiety is smaller.

Q. In your presence at the garage did Mr. Duval phone to Mr. Bisaillon to obtain his permission to go down the river with his wife and his informer?—A. There was a private office at the garage; Mr. Duval entered the private office while I remained in the store to serve customers.

Q. You did not hear him phone Mr. Masson?—A. He told me he had phoned Mr. Masson.

Q. He told you that he had phoned Mr. Masson?—A. Yes.

Q. You do not know whether, as a matter of fact, he did phone for Mr. Masson?—A. When he came out of the office he told me that Mr. Masson was ill.

Q. Did he tell you whether he had phoned Mr. Bisaillon?—A. I do not think so. I know he phoned Mr. Bisaillon once he dropped down there.

By Hon. Mr. Stevens:

Q. (In English) Masson is a relative of yours, is he not?—A. (In English) No sir.

Q. (In English) A brother-in-law?—A. (In English) Oh no.

Q. (In English) He is married into your family, or your family is married into his?—A. (In English) No, not at all.

Q. (In English) No relation?—A. (In English) No relation whatever.

By Mr. Calder, K.C.:

Q. At what time did you leave for St. Sulpice?—A. We must have left at about ten o'clock to go to Mr. Duval's home where we waited for Mrs. Duval who was then in bed, and we had to wait while she dressed. Mr. Duval was keen about bringing his wife along because that day happened to be the twentieth anniversary of their marriage.

By the Chairman:

Q. At what hour was that?—A. It was late enough to retire; it was about eleven o'clock when we left there.

By Mr. Calder, K.C.:

Q. You reached St. Sulpice between eleven o'clock and midnight, I suppose?—A. It was about that time.

Q. Mr. Duval knew at that time that the barge Tremblay was involved, and that it must be at St. Sulpice? Then it is not true that the did not know the barge was involved? And that he discovered it when his car rounded the corner and the headlights were turned on the wharf?—A. If he knew that before leaving he would not have had to go to St. Sulpice.

Q. It is not true then that he was ignorant of the barge Tremblay and only discovered it as the headlights of his automobile were turned on the wharf, that is not for certain that the barge would be moored at the wharf?—A. I am not required to defend Duval. I was waiting to see him.

Q. When you reached St. Sulpice did you go to the wharf?—A. I personally?

Q. Yes.—A. No, I remained in my little corner in the automobile.

Q. Mrs. Duval remained in the automobile also?—A. Yes.

Q. Did Mr. Duval go to the wharf alone?—A. Yes.

Q. Did he report to you, after speaking to the persons at the wharf?—A. Yes. He returned and said that the officers of the Liquor Commission arrived there before us, that they had seized the barge, that he must go and make a report on the matter to his chief.

Q. Where did he go then?—A. He went to the village of St. Sulpice to telephone, which is about a mile farther down.

Q. Did he go there on foot or in the car?—A. He went there in the car.

Q. He went with you and Mrs. Duval?—A. Yes.

Q. He returned and reported what Mr. Bisaillon had said?—A. Yes.

Q. Did he state to Mr. Bisaillon that you were concerned in the matter?—A. Yes, he said, "I am after telling him you were with me."

Q. This was of no import because the Customs officials in this case were the Liquor Commission's officers, who had made the seizure? You never had made a claim for the informer's reward?—A. No, not yet. I have spoken about it to the inspectors.

Q. After having telephoned, did you return to the wharf?—A. Yes.

Q. Mr. Duval went there again?—A. Yes, he went there again.

Q. Then he reported to you afterwards? What did he say when he returned?—A. He told me that the officers of the Liquor Commission were responsible, that Bisaillon had advised him to leave them in charge.

Q. Did he phone only once or did he phone twice to Bisaillon?—A. I am under the impression he phoned twice, I can't swear as to that. I believe that the officer of the Liquor Commission refused to recognize the seizure, to begin with, but I am not certain; I can't swear as to that.

Q. You did not go to the wharf? You remained in the automobile?—A. Yes, I remained in the automobile.

Q. After the second telephone call was put through, that is if there were two telephone calls, after the return to the barge, did you return to Montreal? —A. Yes, we returned to Montreal.

Q. Were you expected by the Americans that night? Had you not made an appointment with them at St. Sulpice?—A. No. They had their own chauffeur and I was not required; I had no business there.

Q. I am not asking you that, I am asking you whether you had made an appointment with them or whether they expected you at St. Sulpice?—A. I don't think so, I don't believe they were expecting.

Q. How do you account then for the fact that one of the Americans, on arriving at the hotel in St. Sulpice, enquired, "Where is Brien"?—A. I can't explain that.

Q. The following day, when you saw Stewart and Campbell at the Atwater Garage, did they explain how they happened not to be under arrest?—A. I believe the matter was mentioned.

Q. What did they say?—A. They stated they had slipped away one after the other; they did not state they had much difficulty in doing so, they seemed to be getting a lot of fun out of it, between them. One of them stated that he had to make two or three attempts to slip away before he succeeded in doing so; I don't quite recall which one it was.

Q. Did they state that there were other parties on board who escaped during the night that the seizure was made?—A. No, not to my knowledge.

Q. Is J. E. Belisle, Joseph Belisle?—A. I don't know if it is J. E. Belisle.

Q. J. E. Belisle did not carry on business after the establishment of the Liquor Commission?—A. No.

Q. Did the firm of J. E. Belisle do business with the Noel warehouse?—A. No. Are you speaking of the Noel warehouse which was mentioned in the course of this investigation here?

Q. Yes.—A. No.

Q. If you do not find Belisle for us you will expose yourself to a seizure to satisfy a judgment of $537.50, because you admitted that you were J. E. Belisle. I have here before me the record proving that a party named J. E. Belisle was doing business as a liquor dealer, and defrauded the Customs by violating a bond to transfer liquor from Quebec to Montreal, which bond was violated.—A. In what year was that, he violated that bond? It was certainly not me; I have no knowledge as to that.

Q. You never saw Belisle again, since 1921?—A. Since the 1st of May, no sir.

Q. You did not try to locate him?—A. Recently, yes.

Q. Since he has been mentioned?—A. Yes. I asked several persons whom I am sure knew him, but who are reluctant to say that they knew him, because they fear that they might be called here. It is not very pleasant or agreeable to be called here.

Q. At all events, it is not degrading?—A. It is not degrading, but it is not pleasant.

Q. Who are the persons to whom you addressed yourself to locate Belisle? —A. I might have spoken to about fifty people in all.

Q. Could you name possibly half a dozen persons whom you can recall? —A. Yes.

Q. Who are they?—A. I could name Mr. Noel, your adjutant who took over the office which Mr. Belisle had occupied.

Q. That was your office in Montreal?—A. Yes, his father purchased the assets from me. I asked him if he remembered him at the time the transfer took place.

Q. Who are the others?—A. I inquired from several persons.

Q. That is, so that we may be able to question them?—A. I understand, but if they do not want to speak, why name them?

Q. I promise you that I will question them at their homes?—A. I will tell you, Mr. Calder, if that can be of assistance to you.

Q. You spoke this morning of loans made to Giroux. Did you make many such loans?—A. It happened sometimes that I did. He used to ask me for money, and I would loan some to him; he returned that money. It happened even much earlier than 1920.

Q. I find here a series of payments made by Mr. Giroux, totalling $1,178.85, which were payable usually about the middle and at the end of the month?—A. To me?

Q. Yes?—A. In what year would that be?

Q. From June, 1919, to March, 1922?—A. It seems to me that I helped him by discounting a note at my bank to cover a mortgage he wanted to renew on a property.

Q. And this would explain the payments which he made to you, to return the money you loaned him?—A. It seemed to me that every month he came to me for an endorsement, and he would go to the bank and make a renewal of the note, and make a payment on account, and this would explain the amounts which vary from $70 to $24 and which would appear on the list of the auditors.

Q. I am now showing you a list at schedule 3 of a report of April 26, 1926, prepared by the auditors, Clarkson, Gordon & Dilworth?—A. Is there only that page?

Q. Yes?—A. Well, that might be an amount of $1,000 which I might have loaned him, and the $178 would represent interest on that amount. I loaned several sums of money; I loaned money to various persons.

Q. The loans started at about the time you started in business?—A. No. I loaned money previous to that. I loaned money at the time of the old Customs building on Commissioner street.

Q. According to this list, these payments stopped at about the time the Quebec Liquor Commission started in business?—A. They must have stopped when I failed. I had no more money to loan.

Q. Did you ever know, in the employ of J. E. Belisle, a person named Lacroix?—A. Yes.

Q. Do you know what his present address is?—A. No, sir.

Q. It is not Lacroix whom you called Corey in giving evidence this morning?—A. No sir.

Q. What was the nature of Lacroix's work?—A. He was at the office, and attended to deliveries.

Q. You do not know his address?—A. No, sir.

Q. Do you know what his initials are?—A. P. Lacroix or J. P. Lacroix.

Q. You left the Customs Department at what time?—A. It must have been June, 1922.

Q. Did you resign?—A. Yes.

Q. You were not dismissed or retired from the Service?—A. No, no.

Q. Was Lacroix connected with a detective agency previous to, or just after working there?—A. No, not to my knowledge. I do not know what he did subsequently.

Q. Is he a fair, bald man?—A. No, he is dark.

Mr. CALDER, K.C.: That is all.

By Mr. Bell:

Q. I want to ask a few questions of you, Mr. Brien? Unfortunately I cannot question you in French. Will you follow me as well as you can in English, and if you need the assistance of the interpreter, do not hesitate to

have it, if you do not understand me. You understand what I mean?—A. Yes, sir.

Q. You were telling Mr. Calder just now that you tried to locate a number of people who had known Belisle; you were telling him that you tried to locate a number of people who had known J. E. Belisle; did you not?—A. Yes.

Q. This morning, you told Mr. Calder that you had inquired of a man named Frechette, if he knew Belisle; you remember that?—A. Yes, sir.

Q. When did you make that inquiry?—A. Last week.

Q. Why was it necessary to ask Frechette that question?—A. Because I wanted to know somebody who knew Belisle. I was surmising that you would not take my word, any more than you wanted to take the word of Mr. Bisaillon that he existed.

Q. How can you suggest that it would help you to come here and that you had inquired of Frechette if he knew that such a man existed?—A. I do not quite get that, Mr. Bell.

Q. Your whole idea was that you wanted to get the name of a man who said there was a person named Belisle?—A. Yes.

Q. How did you propose it would help, to tell us that Frechette knew there was such a man?—A. I knew Belisle existed, and I wanted to prove it.

Q. How did you think that would prove it?—A. I do not know what you want to get at; I do not understand you.

Q. You knew Belisle, according to what you say, for some years, didn't you?—A. I said I only knew him in 1920, when we were in business.

Q. Did you know him during all the year 1920?—A. Yes.

Q. How were you, who knew Belisle for a year, increasing your knowledge of him by going and asking a man named Frechette, if there was such a person at all?—A. I was not asking Frechette if there was such a person.

Q. You said so this morning.—A. I asked him if he knew him. I did not ask him if there was such a man.

Q. What advantage was there in asking if you knew the man for over a year?—A. The truth is right here. If I was the only man; me and Bisaillon that knew Belisle, we would not be believed.

Q. Your suggestion is that Frechette is available and could be called to prove that he knew Belisle?—A. Yes, I think—

Q. That is why you made the inquiry?—A. Yes.

Q. I think you said, a moment ago, that you thought that the Committee had not been prepared to accept the evidence given by Bisaillon in that connection?—A. It looked to me that way.

Q. That is what you have read of it?—A. Yes, just what I have read in the papers.

Q. While we are on that point; were you engaged with Bisaillon in any other business than the liquor business?—A. No, sir.

Q. You were not with him in the business of dealing in smuggled cars?—A. No, sir.

Q. That you conducted alone?—A. I did not conduct such a business, sir.

Q. You did not conduct such a business?—A. No.

Q. Let us be clear; according to you. you did not deal in smuggled cars with the number removed or the cars changed?—A. I did not sir.

Q. There is no question about that?—A. What I mean; probably I would like to speak French for that part.

Q. Do that in order that we may be quite sure. I am asking you if it is true you dealt in smuggled cars which had two numbers upon them or numbers removed?—A. No, not to my knowledge.

Q. You would know if you had done it, wouldn't you?—A. I have not done it.

Q. The reason I ask you, or one reason I ask you is, that on the 17th of March, 1926, Bisaillon appeared before this Committee, at page 590 of the evidence, and he was asked these questions:

"Q. Is Brien what you knew as a smuggler of cars?—A. I was told so; that is from information."

He is questioned further and goes further:

"Q. Did you ever know him to deal in stolen cars?—A. No, but in smuggled cars.

Q. With numbers changed?—A. Yes."

Now, you say, do you, that this statement to which Bisaillon pledged his oath here on the 17th of March last is false?—A. I do not—(In French) (interpreted) I do not mean to say he did not get such information, but I say I did not have numbers on cars changed, that I did not sell cars which had been stolen or smuggled, to my knowledge, and knowing same to have been stolen or smuggled. That is what I meant to say.

R. Je ne veux pas dire qu'il n'a pas eu ces informations-là, mais je dis que moi je n'ai pas fait changer de numéros et que je n'ai pas vendue de chars volés ou "smugglés", les sachant volés ou "smugglés" c'est cela que je veux dire.

Q. I point out to you, whereas Bisaillon said he had information that you dealt in smuggled cars, he said directly after that "I know he dealt in smuggled cars"; was that true or false?—A. I do not know where he got his information.

Q. You heard my question, didn't you; he says, "I know Brien dealt in smuggled cars", and I ask you whether it is true?—A. (In French interpreted). I, at one time dealt in second hand automobiles as every garage dealer or garage owner in Montreal does, and among the cars which I purchased and sold there might have been two or three cars which were purchased in good faith and which were not exactly o.k. Had I known at the time I purchased and sold them these were smuggled cars I would have neither purchased them or sold them.

R. J'ai fait le commerce de chars de seconde main comme tout garagiste à Montréal le fait et sur le nombre de chars que j'ai achetés et vendus il a pu s'en trouver deux ou trois achetés de bonne foi mais qui n'étaient pas corrects. Si j'avais su qu'ils étaient "smugglés", au temps ou je les ai achetés au temps ou je les ai vendus, je ne les aurais ni achetés ni vendus.

Q. That is to say, Mr. Brien, you did not then make a regular practice of dealing in smuggled cars?—A. No, sir.

Q. And it was, I take it, doing you an injustice when Bisaillon, on the 8th of April, 1925, wrote to Mr. Wilson, the Chief of the Preventive Service at Ottawa, in these words:

"As you are already aware Brien is a bootlegger and deals in smuggled automobiles."

Was that true or false?—A. It is surely false; I was not a bootlegger then.

Q. Then, we will take it seriatum; when Bisaillon wrote you were a bootlegger, that was false?—A. Yes.

Q. And he further states "Brien deals in smuggled automobiles," that was false?—A. Sure.

Q. Was it?—A. As far as I am concerned these two or three I have mentioned were purchased in good faith by me.

Q. Then, it is not a fact, according to you, that you were a regular dealer in smuggled automobiles?—A. I do not want to admit that; I would not have done it.

Q. When Bisaillon swore that, he perjured himself?—A. I do not know if he did; I do not want to say if he perjured himself; I did not get all that.

Q. He swore, as the record shows, of his positive knowledge, that you were dealing in smuggled automobiles, and you say that is false?—A. I was not dealing in smuggled automobiles knowing they were.

Q. You suggest that you might have done it without knowing it?—A. I do not suggest anything. I suggest it happened in two or three times I bought cars in good faith that were not perfectly o.k.

By Mr. Calder, K.C.:

Q. How did you find that out?—A. They were seized.

By Mr. Bell:

Q. Do you recall the time when you unfortunately found out you had innocently bought smuggled cars?—A. I beg your pardon.

Q. Do you recall the time when you had innocently bought smuggled cars? —A. (In French, interpreted). It was during the year 1923.

Q. (Interprétation) Vous rappelez-vous à quelle date vous avez acheté des chars importés en contrebande, achetés de bonne foi?—R. Je m'en suis aperçu quand ils ont été saisis. C'était durant 1923.

Q. And never later?—A. (In French, interpreted). No, sir.

R. Non, monsieur.

Q. Would you be surprised to know, that on June 4th, 1924, your friend and ex-partner, Bisaillon, writes again to Mr. Wilson to this effect:

"Brien, Lavoie"—

and another man whose name I cannot hope to pronounce—

"have been dealing in this kind of business, American smuggled cars since the departure of Brien from the Customs Service."

Was that true or false?—A. It is surely not quite true.

Q. How far is it true?—A. (In French, interpreted). As I stated, I had two or three cars which had been seized, and I believed that they were zealous over the matter of seizures and they found other cars, and they would have located them had they seen other cars.

R. Comme je l'ai dit, j'en ai deux ou trois chars qui ont été saisis et je crois qu'ils faisaient assez de zèle pour en trouver que s'il y en avait eu plus, ils les auraient trouvés.

Q. You have just pledged your oath that that was in 1923, and I now call your attention to this statement a year and a half later?—A. Maybe I make a mistake in the year. What year was the seizure of the barge Tremblay?

Q. The year 1924.—A. One minute then; 1923; what I meant as 1923, was from September, 1923, to about July, 1924.

Q. Now then, how many of these did you discover that you dealt in during that period that were smuggled?—A. About three only.

Q. And that, of course, was after you had left the Customs Service, wasn't it?—A. Yes, sir.

Q. Then, I note further in the same time, June 4th, 1924, Bisaillon also writes:—

"Brien has been a very active smuggler since then"—

that is since you left the Customs Service—

"in American alcohol and automobiles."

Is that true or false?—A. I call all this very false.

Q. True as to your being a very active smuggler in automobiles?—A. False also, as I told you, what I did was in good faith.

Q. It is false that you were a very active smuggler in automobiles?—A. I do not mean he did not get the information that way. I know I did not do it willingly.

Q. Again I direct your attention to the fact, that in this letter by Bisaillon, he does not talk about having got information, but what he alleges is "was a very active smuggler in automobiles," that is false?—A. It is certainly not true.

"I think two weeks ago he attempted to make arrangements with Jack Darby of Ormiston to be supplied with two Fords a week."

Would you mind telling me, witness, what you would call active smuggling if this was inactive?—A. I do not know where he got the information.

Q. Was it true?—A. I do not think so; I do not remember that.

Q. Do you suggest to this Committee that you could not remember now whether it was true or false?—A. I say I do not remember; I do not know.

Q. So your suggestion is that Bisaillon—I beg your pardon?—A. That does not mean I would have smuggled cars if I bought cars from Darby.

Q. When did you think of that?—A. I have bought cars there and the duty was paid for them.

Q. When you got two Fords a week?—A. I never got no two Fords a week.

Q. Then you got one a week?—A. No, not even one a month.

Q. Eh?—A. Not even one a month.

Q. The arrangement broke down, did it?—A. I did not make such an arrangement.

Q. Did you attempt to make it?—A. I do not remember.

Q. Do you remember this part: that you attempted to make an arrangement to be supplied with two cars a week, "as these cars can be easily disposed of among the farming element"?—A. Among—

Q. The farming element; progressives, and the numbers can be easily changed, do you remember that?—A. No, sir.

Q. You do not remember that?—A. No.

Q. You say you were not in communication at all with this man Jack Darby?—A. I will say I never bought nothing from that man Jack Darby.

Q. Will you say you were not in communication with Darby?—A. I answered the question.

Q. No you didn't.—A. I say I never bought anything through Darby.

Q. Did you try?—A. I did not try.

Q. What did you do in connection with Darby?—A. Well now, I could not possibly swear he offered me any, or that there was—may be I asked him what they were charging duty there on cars around these ports there.

By the Chairman:

Q. To see if there was any bargain?—A. Yes.

By Mr. Bell:

Q. Of what interest was duty to you; you were not going to pay it?—A. I have paid duty on cars coming from the States.

Q. Why on earth have you paid duty on cars coming from the States?—A. Why?

Q. It was not necessary for you?—A. I have, sir.

Q. You have?—A. Yes, sir.

Q. Were you in partnership with a man named Lavoie?—A. My wife was, yes.

Q. You mean you were in partnership, but it was in your wife's name?—A. I did not mean that. I mean my wife was; my wife had a few hundred dollars and helped them to start a little garage.

Q. He was in the smuggled car business?—A. I did not say he was.

Q. I am asking if he was?—A. Not to my knowledge.

Q. Did you ever find out he was?—A. No.

Q. When did you first meet Belisle?—A. After when we started doing business there.

Q. Where did you meet him?—A. In Montreal.

Q. Where?—A. With Mr. Theoret.

Q. Under what circumstances?—A. I was looking for somebody that would lend me his name; I did not want to have my name appear in the liquor business.

Q. You were, at the time, an officer in the Preventive Service?—A. Yes.

Q. You met him with Mr. Theoret. Did you then enter into an arrangement with Belisle by which you would get the use of his name for your business?—A. He allowed us to have the use of his name.

Q. And on the occasion that you met him with Mr. Theoret you broached that suggestion to him, did you? You asked Belisle if you could get his name?—A. I don't remember whether it was me asked Mr. Theoret.

Q. But it was one or the other of you two?—A. Yes.

Q. He agreed, did he?—A. Yes.

Q. You realize that you swore here this morning, in answer to a question put by Mr. Calder, that Bisaillon got the use of Belisle's name?—A. I did not state it.

Q. I sugest to you, witness, that you did; I took it down as you said it?—A. I wish you would translate that he says because I am getting mixed up.

(Examination conducted in French and interpreted by the Official Interpreter, Mr. Beauchamp).

Q. I suggest to you, witness, that you did; I took it down as you said it?—A. I must have stated that we were both there, both of us must have made the request.

By the Chairman:

Q. Bisaillon knew Belisle?—A. Certainly, he knew him.

By Mr. Bell:

Q. Then, you were asked this morning; where did Belisle reside when you carried on business under his name?—A. You said you could not even tell the name of the street where he resided?—A. He is not a very intimate friend of mine.

Q. You knew him so intimately that he gave you the use of his name, or he gave it to Bisaillon?—A. Yes, sir, to Bisaillon.

Q. That is what you swore to this morning?—A. Mr. Bisaillon knew him, I am sure.

Q. That is not the question I asked. You have just described an occasion when you accompanied Theoret, you two alone, to Belisle, and the result of the interview was that Belisle agreed to give his name; was that not true?—A. Bisaillon, Theoret and me? I don't quite remember; it is some years ago. I stated that he had absolutely no interest whatever in that business, we used his name.

Q. I appreciate that; I want you to be careful about this. You told me a minute ago that it was to Theoret and you that Belisle gave his consent?—A. I don't remember; I don't know to whom Belisle gave his consent about the use of his name. R. Je ne me rappelle pas à qui il a donné son consentement.

Q. Do you say, on that occasion that Bisaillon was present at all?—A. I don't know whether he was present or not; that goes rather far back. R. Je ne sais pas s'il était présent, il y a trop longtemps.

Q. Then you were further asked this morning; Mr. Bisaillon claims that he knows Belisle no more than you, or as little as you do?—A. Mr. Belisle was introduced to me by Mr. Theoret.

Q. Now, if you remember, you said the circumstances of the introduction were that it was a request made by Mr. Theoret?—A. I don't remember whether

I asked Theoret to ask Belisle if we could use his name, or whether Theoret suggested to me that he would let us have the use of his name. I remember that we were looking for somebody who would give us the use of his name.

Q. (Interprétation) Qui a fait la demande à Bélisle pour l'usage de son nom, est-ce vous ou Théoret?—R. Je ne me rappelle pas si j'ai demandé à Théoret de lui demander ça ou si Théoret m'a suggéré qu'il me prête son nom. Je me rappelle qu'on cherchait quelqu'un qui nous prêterait son nom.

Q. And do you now remember, having been asked about it several times, whether or not Bisaillon was there then?—A. I don't remember. R. Je ne me rappelle pas.

Q. Now, the business was started. You said just now that Belisle had no interest in it, I think?—A. No sir.

Q. Is that right?—A. Belisle had no interest, no sir.

Q. Are we to understand that he was loaning you his name just as a good-natured act, as an accommodation?—A. It looks like that to me. R. Ca m'a bien l'air de ça.

Q. You would know whether it was or not. Was he getting anything at all for it?—A. I never gave him anything. R. Je n'ai jamais rien donné.

Q. No share in the business?—A. No. R. Non.

Q. He had no business, I take it, that brought him around the office, had he? —A. He must have made purchases or made sales through the office for some time; if I remember well, he made sales through the office. R. Il a dû acheter ou faire des ventes par l'entremise du bureau pour quelque temps; si je me rappelle bien il en a vendu, il a fait des ventes par l'entremise du bureau pour quelque temps.

Q. That would be on his own behalf and for his own profit, would it?—A. I don't know whether he made a profit on the prices which he paid. R. Je ne sais pas s'il faisait des profits sur les prix qu'il payait, lui.

Q. But it was for his own advantage, if there was any profit, is that right? —A. Yes, it would be to his own profit. R. Oui, ce serait à son profit. Il n'y a jamais eu d'acte de société, rien; je dis, qu'avec Bélisle, il n'y a pas eu de contrat, il n'y a rien eu. On s'est simplement servi de ce nom-là.

Q. Was he a member of the partnership?—A. There was no partnership agreement of any kind, or arrangement of any kind.

Q. Was he a member of the partnership, whether there was a partnership agreement or not?—A. He said there was no contract or arrangement whatsoever with Belisle, only to have the use of his name.

Q. Now, I am particularly interested in that witness, because on the 28th day of April, 1926, Bisaillon pledged his oath as follows, when asked who were the partners, he said Mr. Gelinas, Brien and Belisle. That was false, was it?— A. I do not say it was false.

Q. Well, do you realize the import of what you are saying?—A. I do.

Q. You just told me this man was not a partner in the business?—A. Absolutely no.

Q. Bisaillon swears he was a partner in the business; was Bisaillon's oath true or false?—A. I don't know what Bisaillon was thinking about; he might have thought it seeing that we made use of Belisle's name, it might have lead him to believe that Belisle was a partner. I know that Belisle never got any dividend out of our firm. R. Je ne sais pas ce qu'il pensait Bisaillon. Il pouvait le croire vu qu'on se servait de son nom. Ça pouvait le porter à croire qu'il était associé. Je sais que Bélisle n'a jamais touché de dividendes chez nous.

Q. Was Bisaillon a member of the firm himself?—A. He was interested in the firm to the extent of one-sixth. R. Il était intéressé pour un sixième.

Q. So he was a one-sixth partner, was he?—A. Yes, according to a verbal agreement only. R. Sur entente verbale seulement.

Q. And was he a one-sixth partner at the time the firm began its operations, began to do business?—A. Yes, in so far as I can remember. R. En tant que je puis me rappeler, oui.

Q. So that he was a partner at the time these other three, Gelinas, Brien and Belisle were?—A. There was only I and Bisaillon. R. Il n'y avait rien que moi et Bisaillon.

Q. Now then this man Gelinas was not a partner then?—A. It is rather regrettable to use names of parties who loaned us their names to help us out as to our credit, to put our credit on a good footing, but in justice to Mr. Bisaillon, I must state that Mr. Bisaillon believed that Gelinas was interested in the business. R. C'est bien malheureux de mentionner des noms de gens qui ont prêté leur nom pour rendre service, seulement pour rendre notre crédit bon. Et toute justice pour M. Bisaillon, je dois dire que M. Bisaillon croyait que Gélinas était intéressé dans l'affaire.

Q. And what do you say was the foundation of that belief?—A. Because I held five-sixth's of the business and Bisaillon's interest was only for one-sixth. R. Parce que j'avais cinq-sixièmes des affairs, Bisaillon n'avait qu'un sixième.

Q. Then, if I correctly understand you, Gelinas had no interest in the partnership and received no share of the profits; is that right?—A. He only lent his name.

Q. Gelinas, as well as Belisle?—A. For the bank.

Q. Did Gelinas have anything to do, in view of the fact that he lent his name, in the active business of the partnership?—A. No sir.

Q. Then I must remind you again that before this Committee on April 28th, 1926, Bisaillon swore that Gelinas signed some of the cheques for this business; was that true or false?—A. It is true.

Q. And if he did not have anything to do with the business, how did he come to be signing these cheques?—A. Because the business was a joint business, under Gelinas' name and Bisaillon's name, and they could withdraw money.

Q. You mean he had no interest at all in this business and yet there was a joint bank account of the business?—A. Yes. Because we were sold goods on credit from the wholesalers.

Q. But, witness, follow me.—A. I follow you, and I am now trying to explain if you will give me a chance.

Q. Go on and explain it. This was extraordinary.—A. It is not extraordinary. We were getting credit from the wholesalers, paying sometimes every two or three days, and sometimes every week, and Gelinas was a big financial man. Sometimes we were selling goods for which we would be paid a week after, maybe, shipping; and sometimes we wanted some credit until the cheques we were getting would come back. And that is why I asked Mr. Gelinas myself. to give him confidence in our firm, "We will open a bank account in your name and my name, a joint account." And he said, "All right."

Q. You had power to draw against his bank account at any time, did you? —A. This account of ours?

Q. That is the joint account?—A. Yes.

Q. And that was the account that was in the name of J. E. Belisle, was it not?—A. There was no account whatever in the name of J. E. Belisle; there has never been a bank account in the name of J. E. Belisle; the account is in the name of the two cheques that were filed here this morning.

Q. Yes, but you realize, don't you, that our friend Bisaillon has said that the business was kept in the name of Belisle, and the office was kept in the name of Belisle, and the account for that business was kept in the name of Belisle?—A. And the purchases were made in the name of Belisle, but were paid by cheque signed by Ludger Brien.

Q. And you say that Gelinas had this joint account with you, and he put his own money into it, which you used as credit?—A. He did not put any money in it.

Q. He didn't put any money in it?—A. No, his letter of credit was worth the money.

Q. What did he get for becoming responsible like that?—A. I think he lost about $15,000 in the end.

Q. That is what he got?—A. Yes.

Q. I think he was lucky he didn't lose a good deal more? Now, you and Bisaillon and Gelinas were in a joint transaction together in the purchase of farming property?—A. Yes, sir.

Q. And when was that bought?—A. During that year.

Q. And with the monies of that partnership?—A. I don't remember now how it was. R. Je ne me rappelle pas du tout comment ç'a été payé.

Q. Will you say it was not purchased with the monies of that partnership?—A. I say I don't remember.

Q. I suggest to you that it was, and you had your one-third interest in that farm that was purchased; will you deny that?—A. I don't deny that. But I am not sure; I think it was paid with the firm's money.

Q. How else would you suggest it was paid?—A. By every individual's money.

Q. How much did you put in?—A. I don't remember even what we paid for it; I think it is around $5,000 or $6,000. The deeds are there; they would tell; I don't remember.

Q. So what you say is that that purchase, if followed out, could be shown to have been a cash purchase in which you each contributed one-third of the money?—A. It would surely show that the person who sold us the farm has beeen paid for it.

Q. No, you know that is not what I am asking you. You say, if this transaction were followed out, it would show you had each contributed one-third of the cash that went for the purchase of the farm?—A. You mean the contract of it?

Q. You know what I mean?—A. If I knew, I would answer. I have answered very friendly.

Q. Who closed the deal?—A. It is in the name of Mr. J. Bisaillon alone, the farm.

Q. Who paid over the purchase money?—A. I don't remember.

Q. Do you remember to whom you gave your one-third?—A. I don't remember at all how the money was paid over.

Q. Your recollection of the whole thing is not worth anything, is that it?—A. You can term it as you like, sir.

Q. I invite you to give any other description of it. Now was Belisle frequently at the office?—A. I have seen him there a few times.

Q. When he was there what, if anything, did he have to do with the partnership business?—A. Nothing whatever.

Q. Nothing whatever; no doubt about that?—A. No.

Q. Did he have quarters of his own there, an office of his own?—A. No.

Q. You are sure about that, are you?—A. I am sure.

Q. You are the man who was the most active one in running the business, are you not?—A. I never lost a half an hour of my Customs time for it.

Q. You are the man who was the most active one in running the business, are you not?—A. I was trying to follow it as closely as I could.

Q. That is not what I am asking you. You see this morning you said, in answer to a question asked by Mr. Calder; what did you have to do with the J. E. Belisle business and your answer was, "Not very much". I put it to

you that you are the man who had the most to do with the business?—A. That is just what I am after telling you, that I never lost an hour from my Customs work for that enterprise; I used to go there after my day's work was completed at the Customs Department, or during meal hours, or at night. I did not neglect my work at the Customs, except probably during the holidays when I gave about my whole time to the business. R. C'est justement ce que je viens de dire; je n'ai jamais perdu une demie-heure de mon temps de la douane, pour cette affaire-là; j'y allais après mes heures d'ouvrage ou pendant mes heures de repas, ou le soir. Je n'ai pas négligé mon ouvrage de la douane; excepté, probablement, durant mes vacances je dois y avoir donné tout mon temps.

Q. In the affairs of the business, did you do more than Bisaillon, or did he do more than you?—A. Oh, about the same. R. A peu près pareil.

Q. Again I recall to you that Bisaillon on the 26th of April, 1926, pledged his oath here,

"The man who was controlling was Mr. Brien. Brien was a partner in the Belisle business?—A. Yes.

Q. So were you?—A. He was the main man."

Is that true or false?—A. I admit that I had five-sixths.

Q. You were the main man, the controlling man?—A. Yes, sir.

Q. Now, you told me a moment ago that Belisle had no office in the partnership place where the business was carried on; you told me that, didn't you?—A. Yes.

Q. Can you suggest what it was that Bisaillon was referring to when on the 17th of March last he swore before this Committee, when asked, at page 595,

"Where are the books of J. E. Belisle, in whose possession were they when you saw them last?—A. I saw them April, 1921.

Q. In whose possession were they then?—A. In J. E. Belisle's private office."

A. On the door, on the glass, there was the inscription, "J. E. Belisle's office".

Q. Was it true, or not that he had a private office?—A. There was the general office and the private office.

Q. Was it untrue that J. E. Belisle had a private office there, or not?—A. If you go by the inscription on the door, it was J. E. Belisle's office. R. Si vous voulez prendre ce qu'il y a sur la porte, c'était désigné dans l'office par J. E. Bélisle.

Q. I never saw the inscription on the door, and I am not interested in it. I am asking you whether it was or not, in truth J. E. Belisle's private office.—A. J. E. Belisle merely gave us the use of his name; consequently he did not have a private office of his own. R. J. E. Bélisle avait seulement prêté son nom; alors, il n'avait pas de bureau privé.

Q. That is exactly what I thought. Did you tell Mr. Calder this morning that the purchases that were made for your business were made from various supply houses?—A. Yes, sir.

Q. You told him that, did you?—A. Yes.

Q. Having that in mind, I recall to you or bring to your attention, a statement by Bisaillon that Gelinas was the man who was supplying all the goods; was that true or not?—A. That who?

Q. That Gelinas was supplying the goods. Was that true, or false?—A. We bought the goods wholesale at a certain price; we purchased those goods, as I stated this morning, from the majority of the wholesale dealers. It used to depend upon the orders which we had received. There were certain brands of goods that were not sold at certain places, others were only sold at other places. When we had orders, we had to buy them there, where those goods

were sold. R. On achetait la marchandise en gros à un certain endroit; on en a acheté, comme j'ai dit ce matin, de la plupart des marchands de gros, ça dépendait des demandes qu'on avait. Il y avait des lignes qui n'étaient pas vendues à tel endroit, d'autres seulement à d'autres endroits. Quand on avait des demandes, il fallait bien les acheter là où elles se vendaient.

Q. Was it true that Gelinas was getting the goods you used in your business?—A. No, not particularly. We used to purchase the brands; each house or business place had its particular brands, its own brands. When we had an order for a certain brand, we had to purchase that brand where it was sold. R. Pas particulièrement. Chaque maison de gros avait ses marques de marchandises; quand nous avions une demande pour une certaine marque, il fallait bien l'acheter où elle était vendue.

Q. You see, witness, what I am chiefly interested in is this: You have told me that Gelinas had no interest in the business, but if Bisaillon swears to what is true, he was supplying the goods with which your business was done?—A. Mr. Bisaillon is in good faith, I believe, when he believed that Gelinas was interested in the firm. I could have explained to Bisaillon otherwise, because I retained five-sixths of the shares or the interests. I know I am under oath, and I am telling the truth. I might have told Bisaillon that Gelinas had interests in the firm, but he did not have any. I held five-sixths of the interest, and Bisaillon had one-sixth. Gelinas did not make money in that business. Finally he had to cover an overdraft at the bank. I believe it cost him $14,000 or $15,000 and possibly more. R. M. Bisaillon est de bonne foi, je crois, quand il pense que Gélinas était intéressé. Je n'aurais pas pu expliquer à Bisaillon autrement, parce que je gardais cinq sixièmes des affaires. Moi, je le sais, je suis sous serment, je dis la vérité ici. J'aurais pu dire à Bisaillon que Gélinas avait des intérêts. Il n'en avait pas. J'avais cinq sixièmes, Bisaillon avait un sixième. Gélinas n'a pas fait d'argent avec ça, il a été obligé de combler le compte de banque en dernier; je crois que ça lui a coûté $14,000, $15,000, peut-être plus.

Q. So that you say that you actually led your one-sixth partner to believe that Gelinas was supplying the goods, when in truth he was not?—A. I did not lead him to believe he was supplying the goods. The house where he was manager was supplying us with whatever goods we needed from them.

Q. Let me interrupt you for a moment. Bisaillon has sworn that Gelinas was supplying the goods. That is the record. You say that Bisaillon might have thought that in good faith. I ask you whether or not you were misleading him?—A. You are mixing things up. I never misled anybody.

Q. Is that the only answer you want to make to anybody, the question you have just answered?—A. I stated that we purchased from the firm, where Gelinas was manager, the goods which that firm sold, and that we purchased from other sources the goods which were not sold there, or brands. They had not supplied us with all the goods we needed. They sold us the line of brands or goods which they sold at their place of business. R. J'ai dit que nous achetions les marchandises de la maison où Gélinas était gérant, et on achetait ailleurs les marchandises qu'ils ne vendaient pas là. Il ne nous fournissait pas tout ce dont nous avions besoin, il nous fournissait les lignes qu'il vendait, lui.

Q. You call that an answer to my question, do you?—A. I understand your question in that way, that Gelinas supplied us with all the goods we required, that our firm required. R. J'ai compris sa question comme ça. Gélinas fournissait toute la marchandise que nous avions besoin.

Q. How many men in your business there were concerned with selling?—A. I had a Mr. Martel who represented me, and Mr. Carey represented Mr. Bisaillon. R. J'avais M. Martel qui me représentait, qui se tenait au bureau, puis Carey s'était le représentant de M. Bisaillon.

By Mr. Calder, K.C.:

Q. Who was Lacroix representing?—A. Lacroix did general work, he did not represent anybody in particular. R. Il faisait de l'ouvrage général, il ne représentait personne en particulier.

By Mr. Bell:

Q. Who made the deliveries?—A. All the carters attended to the deliveries; made the deliveries.

Q. Was it or was it not mainly a mail order business?—A. Yes, there was quite a lot of mail order business. R. Il y en avait beaucoup de "mail orders."

Q. What became of the correspondence and the invoices that were used in that mail order business?—A. All the copies of the orders which we gave to the wholesalers, all the copies of the bills of lading and these things were destroyed immediately, in 1920 and 1921 when we closed our business. R. Toutes les copies d'ordres qu'on donnait au gros, les copies des "Bills of Lading," toutes ces choses ont été détruites en 1920, 1921, quand on a fermé.

Q. Who destroyed them?—A. I believe I destroyed them myself. We did not owe anything, we did not do any smuggling, we did not do anything crooked, we did not steal from any person; consequently I did not see any interest in keeping these records or documents. R. Je crois bien c'est moi-même. On ne devait rien, on n'a pas fait de contrebande, on n'a rien fait de croche; on n'a pas volé personne, alors il n'y avait pas intérêt à garder ces records-là.

Hon. Mr. STEVENS: They were all angels.

By Mr. Bell:

Q. Did you think, in view of the fact that Gelinas had had to dig up somethink like $15,000 to make good your deficits, that your creditors might be interested in these documents?—A. I was just as satisfied that the thing should be wiped out at once.

Q. (Interprétation) Le fait que M. Gélinas a dû combler un déficit de $15,000 qu'il a pris dans sa poche, il y avait de quoi intéresser les créanciers.—R. Il aimait autant que ça se passe tout de suite.

Q. More satisfied than the creditors were, possibly?—A. There were not creditors, after Gelinas paid the bank. R. Il n'y avait pas de créanciers, il les a payés, il a payé la banque.

Q. And that was the only debt you had; was this Albert Gelinas?—A. Alberie Gelinas.

Q. He is a member of the Quebec Legislature, I believe?—A. No.

Q. Is he not?—A. No.

Q. I am confusing him with somebody else, then. Would Belisle have anything to do with the purchase of liquor for the business or its sales?—A. No, sir.

Q. You are quite sure of that, are you?—A. Yes.

Q. Then I must direct your attention to the fact that Bisaillon on the 23rd of April swore here that in the month of May, 1919, on three or four occasions, you and Bisaillon and Belisle met in the place of the business for the purpose—and I will show you the exact questions and answers. These questions and answers are to be found on page 1567 of the record:—

"Q. What was the occasion?—A. Three or four occasions.
Q. For what purpose?—A. Business.
Q. What kind?—A. Referring to some liquor.
Q. Sale or purchase?—A. Sale.
Q. By whom?—A. From different firms.
Q. To whom?—A. To outsiders.
Q. Not to your firm?—A. Not to our firm, no.

Q. What was the nature of these transactions, on any of these occasions, and what was the talk?—A. Just ordinary talk about some goods that we were going to purchase for resale."

Was that true or false?—A. I do not recollect that. R. Je ne me rappelle pas cela, moi.

Q. Do you recollect whether or not you discussed with Belisle, in the office of the partnership, any liquor transactions?—A. I have already said several times that Belisle had no interest in our firm. R. J'ai déjà dit plusieurs fois que Bélisle n'avait pas d'intérêt chez nous, autrement qu'il est venu, il me semble, quelques fois nous demander d'expédier de la marchandise qu'il avait vendue personnellement. C'était bien le moins, puisqu'on se servait de son nom qu'on lui fasse ces petites faveurs-là.

Q. That is not an answer to the question?—A. Except that he came to the office a few times, I believe, and asked us to ship some liquor which he had personally sold. It was the least we could do, seeing that we were using his name that we should do him those little favours.

Q. But it is false that the three of you ever had any discussion about the business of the partnership, is it?—A. I do not remember that. We happened to be together on several occasions. I do not remember this particularly. R. On a pu se rencontrer, je ne me rappelle pas cela, je ne me rappelle pas qu'on s'est rencontré tous les trois. On s'est certainement trouvé plusieurs fois tous les trois ensemble.

Q. The cheques that you destroyed, were those all cheques signed "Brien in trust"?—A. They were all signed by me.

Q. What became of the cheques that Gelinas signed?—A. I think he only signed three or four.

Q. What became of them?—A. I do not know. I must have destroyed them with the others, or I would not be surprised that those who gave you these two kept them. I do not know; I did not keep them in particular.

Q. You do not know where they may be at all?—A. I do not know. They may be destroyed, and they may be in your hands.

Q. They are not in my hands?—A. I mean in the hands of the Committee; I do not mean in your hands.

Q. You mean in the hands of the Committee?—A. Yes, they may have come the same way as the others, I do not know.

Hon. Mr. STEVENS: They came through a good channel.

By Mr. Bell:

Q. When you were accounting to Bisaillon, did you ever show him a statement of the profits?—A. We kept no accountings.

Q. No account books at all?—A. No sir.

Q. Do you mean to tell me that Bisaillon, with his expressed opinion of you as a bootlegger and an automobile smuggler, took your cheques without wanting an accounting?—A. I do not want to discuss what he thinks of me, and I do not want to say what I think of him.

Q. I would not ask you to say that?—A. Even if he had knocked me to the other side, it is not my nature to knock anybody.

Q. I would not ask you to say what you think about him; what I am interested in is this; that a man who has shown that he has such an opinion of you took cheques from you for his one-sixth, without asking for an accounting?—A. He might have had a better opinion of me then.

Q. He did not know you then?—A. Maybe.

Q. At any rate, you never gave him any accounting?—A. No.

Q. And never had any accounting made up?—A. That is true.

Q. And when Gelinas found that he was $15,000 in the hole, did he accept your accounting in the same complacent spirit?—A. I think that is so. He had to pay that to the bank.

Q. Because of the business you had done?—A. I will admit that.

Q. He took your estimate of the profits and losses of the business, without question, did he?—A. He must have.

Q. I suppose Gelinas knew Belisle, did he?—A. I suppose he did, yes.

Q. He could tell us about him?—A. Maybe.

Q. Is there any doubt in your mind that he could?—A. There is no doubt. I say maybe he could tell.

Q. It will be interesting to hear what he will tell us. Just one last question I want to ask you; I understood you to tell Mr. Calder that you saw the two Americans who had gotten away from the boat the day afterwards?—A. Yes, sir.

Q. And, that they explained to you how they slipped away?—A. No, they did not explain to me how they slipped away.

Q. One man said he had made three efforts before he was successful?—A. Yes.

Q. Were you then a Preventive officer?—A. No, oh no.

Q. You had not responsibility in regard to those men who were admittedly fugitives from justice?—A. No, sir. I resigned in 1922, and this was in 1924, after the seizure of the barge Tremblay.

Q. This was in the period when you got into the activities Bisaillon speaks about?—A. You were accusing me.

Q. You had a fellow-feeling. I can quite understand that?—A. (No answer).

Mr. CALDER, K.C.: Would you allow me to interrupt this testimony, to put Mr. Lever in the witness box. He has to get away. Mr. Lever is one of Mr. Nash's staff.

Hon. Mr. STEVENS: Will it take the rest of the evening?

Mr. CALDER, K.C.: No, it will take a very short time. I have only a few questions to ask of him.

Hon. Mr. STEVENS: Mr. Brien can stand aside for a time.

The CHAIRMAN: Mr. Brien, you may retire now, but wait in the room until we adjourn.

WITNESS: All right, sir.

Witness retired.

GEORGE FRANCIS LEAVER called and sworn.

By Mr. Calder, K.C.:

Q. Are you in the employ of Clarkson, Gordon and Dilworth?—A. Yes, sir.

Q. Were you specially committed to the examination of the books of the R. and G. Company?—A. Yes, sir.

Q. You made a partial report?—A. Yes.

Q. To Mr. Nash, on the situation of these books, which reads as follows:

"Re: R. & G. Manufacturing Company

CUSTOMS ENQUIRY

OTTAWA, 20th May, 1926.

In response to my instructions I received this morning from Mr. G. F. Leaver of our staff, the following report:

'On or about Tuesday, March 16th last, we completed as far as we could go at the time our examination of this company's books.

On leaving the Company's office I made it very plain to Mr. Gauthier that we were not through finally and cautioned him against destroying or removing any of the records to which we had had access. He fully understood the request.

On May 7th we revisited the R. & G. office for the purpose of checking up the books with information gathered from our examination of the incoming freight records at Derby Line, Rock Island, etc., and with certain information received from the company's customers and creditors (American producers). I first asked for the purchase journal; this Mr. Gauthier could not produce and in answer to questions "whether he had destroyed it", or "removed it to his home in Derby Line' his answer was "that he couldn't remember" but "he had not got it now". I also found that the greater portion of American Accounts Payable Ledger sheets had been removed from the ledger binder although these were still located in the office.

Similarly on our attempt to trace back the information to customers' accounts, we found that two (2) transfer binders were missing which we had previously seen, and that numerous accounts from the current binder for 1924 and 1925 were also missing. Gauthier admitted that these had been removed, his reason being that the ledger was too full and that he could not now produce them to us, although he would not definitely admit he had destroyed them.

On May 12th, 1926, Mr. Pelling and I again visited the company and could see no trace of certain of the 1925 cheques previously seen, but as Mr. Gauthier had already left for Ottawa we are not certain that these records were not somewhere about the premises.

I again visited the company this morning but was informed by Mr. Duncalfe, partner, that all records and books had been sent to Ottawa in response to request.'"

Have you examined the books brought up and submitted to-day by Mr. Gauthier?—A. Yes.

Q. Are the books that you examined on May 6th and which you had previously seen on March 16th, there now?—A. No, sir.

Q. Are the records now in the same state as they were May 6th?—A. No, sir; there are more things missing than there were.

Q. There are more things missing now?—A. Yes, sir.

Q. In fairness to Gauthier, it is suggested by Mr. Nash, that may have been because Mr. Duncalfe did not know what to send. In any event the books that were asked for are not there now?—A. No, sir.

By the Chairman:

Q. If you saw these books again, in looking around, would you know what is missing?—A. Absolutely, they have my writing in them. The purchase journal has some of my writing in it.

Mr. BELL: Let us have the witness make out a list—

By the Chairman:

Q. Are you going up to Rock Island again?—A. That is for Mr. Nash to say.

Mr. NASH: He is going back next week. If it is the desire of the Committee he will return now.

Mr. BELL: I was going to suggest that the witness make out a list of those things which he knows to be missing and that Duncalfe be called on to produce them. Do we need any motion?

Mr. CALDER, K.C.: You can request the witness.

By Mr. Calder, K.C.:

Q. Make out a list and produce it.—A. Yes, sir.

Q. Have you such a list?—A. Yes, sir.

Witness retired.

LUDGER BRIEN recalled.

By Hon. Mr. Stevens:

Q. Mr. Brien, during the period you were in this liquor business; during 1919, 1920 and part of 1921, you were in the Customs Service, were you not? —A. Yes, sir.

Q. What was your position, Customs Examining Officer?—A. I had charge of the upper lakes navigation canal office.

Q. You had charge of the canal office?—A. Yes.

Q. There is an office on the canal?—A. Right on the bridge, yes.

Q. Your duty was what?—A. My duty was charge of the office; I had two men with me.

Q. Superintending?—A. The arrival and departure of vessels.

Q. Up the canal?—A. Yes, and down; all the inland navigation, inland boats.

Q. I suppose there were quite a lot of boats passed up the canal?—A. Yes, quite a lot of boats.

Q. With all classes of cargo?—A. Yes.

Q. Do they pass boats through the canal with goods in bond?—A. Yes.

Q. Your duty would be to see that these goods were not landed in the canal while passing through, but carried on their voyage?—A. There were some goods arrived from the States on these boats, and there were some goods shipped which would come in from Europe in bond from ocean liners, which were re-manifested on the canal boats to the upper lake ports in bond.

Q. I suppose some goods would be shipped from Montreal in bond for export to points up the lake?—A. Yes, but there was very little of that. There used to be lots of that when the Jacques line existed to Detroit and Toledo and Chicago.

Q. I think I have seen in the records instances of shipments of liquor going up the lakes?—A. Up the lakes, yes.

Q. It would be your duty to supervise the passing of these through?—A. The manifest goods; I received the abstracts from the wharf of goods that were in bond.

Q. You told Mr. Bell that yourself and Mr. Bisaillon and Mr. Gelinas—you deny that Gelinas is interested—were the three principal parties in this business. —A. We were the three parties looking after the business.

Q. Mr. Gelinas supplied the money, or the credit?—A. Letter of credit.

Q. Just as a matter of friendship?—A. Yes.

Q. Which made it possible for you to get more money from the bank?—A. Yes, sir.

Q. What bank was it that you did your business in?—A. The Bank of Hochelaga, Delormier branch.

Q. That is the branch you used to draw these cheques on?—A. Yes, sir.

Q. Do you say Mr. Gelinas put up a letter of credit?—A. He did; you know the ordinary letter of guarantee.

Q. He guaranteed the account, Mr. Gelinas?—A. Yes, sir.

Q. Mr. Gelinas also was associated with the firm who were supplying you with considerable of the liquor that you sold?—A. Yes. We were, of course, buying as much there as we could, reciprocating.

Q. Quite naturally; I am not stressing it. It is a fact that his firm—what firm was that?—A. It was the firm of Boivin Wilson. We bought all over.

Q. Mr. Gelinas was a member of the firm of Boivin Wilson, was he not? —A. He was the manager, yes.

Q. They do a lot of business?—A. Yes.

Q. They are large wholesalers?—A. They were one of the best liquor houses in Canada.

Q. They are not now in business?—A. No.

Q. They were at that time?—A. Yes, sir.

Q. They were doing a large wholesale liquor business?—A. Yes, sir.

Q. And I suppose that liquor was received at the Port of Montreal, and they were shipping out very large quantities of liquor?—A. They were receiving the liquor in bond from Europe, large quantities of liquor.

Q. And shipping up the lakes?—A. I don't think they were shipping any of it in bond; I don't know, not through the canal anyhow, not through my hands, no, sir.

Q. Their business was such they would do a great deal of business?—A. Yes.

Q. You were under Mr. Giroux?—A. Yes, he was my immediate boss.

Q. And Mr. Giroux is the man to whom you loaned very frequently?—A. I do not say I loaned to him very frequently, but I have come to his assistance, and many others.

Q. A list about as long as your arm?—A. That long list looks long; it is not even a loan, I only endorsed a note. I think he came to me one day and said, "Mr. Brien, I want some money, and the manager of the bank, Mr. Gill, is willing to take your endorsement on a note." That would not be a loan from me. I would not put up money; he would be looking for me every month to get a renewal, and pay on account.

Q. He paid back to you a very large amount?—A. He paid the bank back.

Q. He still owes you that $300?—A. Yes.

Q. Why do you not make him pay that?—A. I would not get anything out of it; they are getting after him, since you discovered it.

Q. That is one thing this Committee has done. By the way you say Mr. Gelinas paid off the overdraft of your firm?—A. Yes, sir.

Q. That was a very generous thing for Mr. Gelinas to do?—A. He is a very good fellow.

Q. What quid pro quo did you give him for that?—A. What.

Q. What did he get in return for that kindness?—A. Not much.

Q. Not very much?—A. No. I will pay him some day.

Q. It is rather extraordinary, isn't it, that a prominent business man should put up a letter of credit to pay an overdraft of over $5,000 for two Customs officers in the employ of the company. That is strange, is it not?—A. Still it is there to be proved.

Q. I am not questioning the fact.—A. You can see the bank account was closed by his personal cheque. I do not remember the amount, but it is a big figure.

Q. I am not questioning that for a minute; I am taking these facts which you are giving as being perfectly true. I say, is not it strange that a prominent business man of Montreal, carrying on a wholesale liquor business, should finance two Customs officers to go into the liquor business, and then, during the period of their being in business together, buy a farm on the boundary line, which is conveniently placed for smuggling? And this big overdraft was paid off. Now these are a series of facts which may be perfectly true. I ask you is it not a strange relationship?—A. It looks like it.

Q. It does look queer, doesn't it? Now, did Mr. Gelinas do this because of favours you had done for him?—A. Nothing whatever.

Q. Nothing at all?—A. No. There might have been, I don't know. No.

Q. Go ahead, do not be backward. Get it off your mind?—A. I have nothing on my mind. I am not trying to conceal anything. But it is really too bad to have to tell of things like that.

Q. I agree with you, the whole thing is rather too bad?—A. To bring the names of fellows who are trying to help me, against my will you want me to bring in their names.

Q. The other day when Mr. Giroux was on the stand, he broke down, cried, and told the same story?—A. I feel like it too.

Q. These are stubborn facts which require an explanation, and I am pressing you to tell us all you know. Open up and tell us.—A. I have told you a lot.

Q. You have answered very well, but your memory has been a little faulty at times?—A. My hair has turned white, and they say memory goes with the colour of the hair.

Q. Has your hair turned lately?—A. Yes, in the last four years.

Q. Open up and tell us all you know, and your hair may turn black again. I do not like to dig too deeply into your personal affairs, but they are so mixed up with public affairs, we have to do it. You had one-third interest, and Mr. Gelinas had one-third interest, and Bisaillon had a one-third interest in this farm?—A. Yes.

Q. You have not got any interest now?—A. No.

Q. That interest has vanished?—A. It went when I assigned in my bankruptcy, and I think Bisaillon bought that share from the trustee.

Q. For $2,000?—A. I don't know what he paid for it.

Q. I think it was $2,000?—A. I don't know.

Q. You say he bought it from the public trustee?—A. Yes, or through the trustee.

Q. You used to do a very nice business through that station?—A. No.

Q. Didn't you?—A. No.

Q. I thought you did a nice business across the line to the south?—A. No sir.

Q. You had it nicely equipped for the handling of alcohol, is that right? What?—A. Not that I know of, not especially equipped for alcohol. It was equipped as an ordinary farm.

Q. It was equipped for smuggling?—A. Like the ordinary farm, with a cellar and garret.

Q. Like many other farms along the boundary?—A. And it had rooms that could be filled with furniture, or other stuff.

Q. Like a load of silk?—A. I have not bought any silk.

Q. It was equipped, just the same, for handling contraband goods?—A. It was like the ordinary farm.

Q. It was equipped for the purpose of handling contraband goods?—A. I do not say that.

Q. That is a harsh term.—A. Just the same as other farms.

Q. What did you pay for the place?—A. I do not remember whether $5,000 or $6,000.

Q. What did you intend to do with it when you bought it?—A. It was a nice place, and we thought we were making big money; and it was the birthplace of Mr. Bisaillon, and interesting to him because of that. We thought it would be a good place for a summer resort for the three of us. We thought we would be millionaires, that is all there is to it.

By the Chairman:

Q. There is a graveyard there too?—A. Yes, there is a mounment right on the farm. On some of the old farms it was the fashion to have people buried right on the farm.

By Hon. Mr. Stevens:

Q. You never used that farm in the car business?—A. No sir.

Q. You brought the cars in by the other road?—A. I did not bring in any cars.

Q. We will go over one or two of those instances in the morning. Just to fill in the balance of this evening; by the way, you know Mr. Hushion pretty well?—A. No sir.

Q. You do not know him at all?—A. I know him as a public man but I am very sure he does not know me.

Q. Have you been in close touch with Bisaillon lately?—A. No sir, not very friendly.

Q. I thought you had made up recently? A little while ago you were not friendly, but I thought that in the last week or two you had again got to be friendly?—A. I have seen him a couple of times, but that does not mean we kissed one another yet.

Q. Finding yourself pretty much in the same boat, did you have a talk with Bisaillon recently about your testimony, your evidence here?—A. Not about this, no sir.

Q. You had a talk though with others who were able to advise you, who were in harmony with Mr. Bisaillon?—A. I think I can look after myself.

By Mr. Bell:

Q. You are not sorry to have Mr. Gagnon here?—A. I do not wish to have Mr. Gagnon here; I wish he was not here; they say he is going to question me after you are through, on behalf of Bisaillon.

By Hon. Mr. Stevens:

Q. By the way, do you remember that letter which was written? I wonder if I can find that, to see how he questioned you. This is not the letter, but following up what Mr. Bell said, and just before Mr. Gagnon starts cross-questioning you, on behalf of Mr. Bisaillon, you ought to know something else that Mr. Bisaillon said?—A. He seems to have been a good friend of mine.

Hon. Mr. STEVENS: Do you remember that other letter, Mr. Calder?

Mr. CALDER, K.C.: Was it among the papers produced by Mr. Duncan?

Hon. Mr. STEVENS: Yes, I think so.

Mr. CALDER, K.C.: It was committed to my care.

By Hon. Mr. Stevens:

Q. Here is a letter written on August 12th, 1925, to the Minister of Customs by Mr. Bisaillon, which reads as follows. (Reads):

> "I may say that there is only one denunciator and seller of cars who has denounced his buyer. It is the famous Brien. Nobody to my knowledge has practiced that dirty work, and I am in a position to give you all wanted information so as to prove that these complaints are not founded. I can even make a statement of all seizures by my department since my nomination."

Do you mean to say that that is untrue?—A. I surely did not inform on cars that I sold myself.

Q. What?—A. I say I surely did not inform on cars that I sold myself.

Q. Let me read it again. (Reads):

> "I may say that there is only one denunciator and seller of cars who has denounced his buyer. It is the famous Brien. Nobody to my knowledge has practiced that dirty work, and I am in a position to give you

all wanted information, so as to prove that these complaints are not founded. I can even make a statement of all seizures by my department, since my nomination."

Do you mean to say that you never denounced a car that you had previously sold?—A. No.

Q. Be careful?—A. That is what I say. I say that if I sold a car, and denounced it to have been seized, to get the moiety, it would be terrible.

Q. That it would be what?—A. I say that that would be terrible. I may have given information to officers; I never refused them. I want to tell the Committee that I am not a denouncer or what you call a stool-pigeon, but I have never refused information to a brother officer or to ex-brother officers, when I was in the automobile business or the garage business.

Q. That is not what I am talking about? You know what an informer is? —A. Yes.

Q. One who informs, and gets a moiety?—A. Yes. I never did.

Q. Never mind what you never did. Come here and look; is that your signature?—A. (Shown document). Yes, that is my signature.

Q. Is that not a receipt for a moiety?—A. Yes. Do you not want to let me look at the file?

Q. Not for the moment. We will let you look at the file papers. That is your signature? I will read it. (Reads):

"Re *P. S. Customs Seizure No. 4830.*

MONTREAL, February 4th, 1925.

J. E. BISAILLON, Esq.
Inspector of Customs and Excise,
Montreal.

SIR,—I beg to acknowledge receipts of Preventive Service cheque No. 3948."

A. Where is that cheque?

Q. Never mind that. Let me finish. (Reads):

"for $12.50, being in payment of the award made by the Department for the informant in this matter.

LUDGER BRIEN."

I ask you, Mr. Brien, this question; that cheque was paid you as a moiety, as an informer for the seizure of the car, was it not?—A. Have you the cheque there?

Q. No, I have not got the cheque, but it is available?—A. I was trying to explain to you that I have helped the officers sometimes when they were asking for information, when I was keeping the garage; they would come to me and ask for some information that I would give them, but not with the idea of getting the moiety. Still, when they would tell me later, "well, there is something for you," I would take it.

Q. They sort of forced this thing on you, did they?—A. I would not like to do it.

Q. You accepted this moiety?—A. I signed that.

Q. You were the informant in this case, were you not?—A. If it is a car I sold—

Q. Never mind if it was a car you sold, or not; you were the informant in this case, were you not?—A. That is what the receipt looks like.

Q. I was complimenting you upon your frank answers, but now you are beginning to trim?—A. No, I am not.

Q. Tell me, were you the informant in that case?—A. Whose car was it?

Q. It is seizure No. 4830, one you know very well?—A. Tell me what car it was.

Q. It was a Chevrolet sedan?—Sold to who?

Q. This is a Chevrolet sedan you sold to your brother-in-law?—A. I did not sell any Chevrolet to my brother-in-law.

Q. Did you not?—A. No.

Q. Was he not mixed up in it?—A. No sir.

Q. "Being the property of Mr. St. Germain"?—A. No brother-in-law of mine.

Q. But you sold this car to Mr. St. Germain, did you not?—A. Yes, I sold it to Mr. St. Germain, but I do not remember giving an information on it, though, because if I remember well, I even gave a sworn affidavit that I had bought the car in good faith, and sold it in good faith.

Q. After the car was seized, I would expect you to make the strongest possible statement, but the fact of the matter is that you sold the car to Mr. St. Germain?—A. I will admit that.

Q. Then you denounced the car to the Customs, that it was a smuggled car?—A. I did not denounce the car.

Q. I will put it in this way: You received a moiety as informer?—A. Yes, but they did not tell me that it was Mr. St. Germain's car when they gave me the moiety.

Q. They may have overlooked that courtesy, but as a matter of fact, you denounced the car as a smuggled car, that is correct, is it not—did you not?—A. Not Mr. St. Germain's car.

Q. Never mind Mr. St. Germain's car, you denounced this car as a smuggled car, and got a moiety for doing so?—A. I know that is my signature, but I did not give any information on the car of Mr. St. Germain, to the best of my knowledge.

Q. You sold Mr. St. Germain that car, did you not?—A. I sold Mr. St. Germain a car.

Q. That car was seized by the Customs as shown here, Port Seizure, Entry No. 4830, and you signed for a moiety for the seizure, 4830, which you recognized a moment ago?—A. I remember they told me in the Preventive Office that there were a couple of cheques for me but they did not tell me it was Mr. St. Germain's car, or I would not have signed that receipt.

Q. Let us go through this file again?—A. I will not admit that.

Q. You sold this car to St. Germain?—A. I did.

Q. And this car was seized by the Customs later?—A. It was.

Q. You gave the Customs the information that brought about the seizure?—A. I do not remember that I did.

Q. You were paid the moiety?—A. It looks like that, but there is no name of St. Germain there, or, I would not have signed the receipt.

Q. This says, "Preventive Service Customs Seizure, 4830"?—A. How did I know that 4830 covered Mr. St. Germain's car.

Q. I do not think for a moment you would have signed it, because it would have given you away?—A. It must have been a mistake in the Preventive office.

Q. Never mind identifying the car; you did sign this receipt for having received this money?—A. I received the $12.

Q. For giving the information that brought about seizure No. 4830?—A. But how did I know that No. 4830 covered Mr. St. Germain's car?

Q. Seizure No. 4830 is for a sedan car believed to be the property of Mr. St. Germain?—A. Yes.

Q. That was a smuggled car, was it not?—A. Well, it must have been, when they seized it.

Q. You sold the car to St. Germain, that is correct?—A. It must be correct.

Q. That is correct?—A. It must be correct.

Q. It is correct, is it not?—A. Let us say it is correct.

Q. You say you never smuggled cars?—A. I did not smuggle it; I got the car in good faith, not knowing it was smuggled.

Q. You bought the car in good faith?—A. Yes.

Q. You sold it to Mr. St. Germain?—A. In good faith.

Q. You denounced it to the Customs?—A. I did not denounce it. I have been trying to make you understand that, sir, right along.

Q. You got the moiety for the seizure?—A. Yes, I got the moiety, as you saw, by my signature.

Q. Why did the Customs seize the car; because it was smuggled, isn't that right?—A. I had better go back to French; I will answer you more correctly and tell you all I want to tell you in French, and I cannot in English.

Hon. Mr. STEVENS: As a matter of fact, we have gone as far as I want to with that.

Witness retired.

The Committee adjourned till 10.30 a.m., May 21st, 1926.

SÉANCE DE L'APRÈS-MIDI

Le Comité reprend la séance à 3.30 de l'après-midi, sous la présidence de M. Mercier.

LUDGER BRIEN est rappelé.

M. Calder, C.R.:

Q. Vous avez appris à M. Duval, le soir du 20, que la barge *Tremblay* devait être à Saint-Sulpice?—R. Oui.

Q. Il ne le savait pas avant que vous ne le lui disiez?—R. Il ne savait pas où elle était.

Q. Est-ce après que vous lui avez dit cela qu'il a téléphoné à M. Masson?—R. Je ne puis pas me rappeler si c'est avant ou après.

Q. Est-ce à la suite de votre conversation qu'il a téléphoné à M. Masson?—R. Il voulait avoir de l'assistance.

Q. C'est à la suite de votre conversation?—R. C'est à la suite de ma conversation.

Q. Après que vous lui eussiez dit ce dont il s'agissait, il a téléphoné à M. Masson?—R. Oui.

Q. Avant, il ne paraissait pas savoir qu'il s'agissait de la barge *Tremblay*?—R. Il ne me l'a pas dit.

Q. Il ne vous a pas dit que Bisaillon lui en avait parlé?—R. Non.

Q. Il ne vous a pas dit que Bisaillon lui avait donné des ordres pour ce soir-là?—R. Non. Moi, je lui avais défendu d'en parler à M. Bisaillon.

Q. Vous lui aviez défendu d'en parler à M. Bisaillon; pourquoi?—R. Parce que je voulais être certain de ma saisie.

Q. Comment? En déclarant cela au chef du service préventif, vous deviez être plus certain de votre saisie?—R. Je n'avais pas mentionné Bisaillon en particulier, j'avais dit de ne pas en parler à personne. Quand ils sont plusieurs, le partage est moins fort.

Q. Devant vous, à votre bureau, au garage Atwater, M. Duval a-t-il téléphoné à M. Bisaillon pour lui demander permission d'aller dans le bas de la rivière avec sa femme et son informateur?—R. Il y avait un bureau privé au garage, M. Duval s'en est allé dans le bureau privé; moi, je suis resté au magasin pour servir les clients.

Q. Vous ne l'avez pas entendu téléphoner à M. Masson?—R. Il m'a dit qu'il avait téléphoné à M. Masson.

Q. Il vous a dit qu'il avait téléphoné à M. Masson?—R. Oui.

Q. Vous ne savez pas si, de fait, il a téléphoné à M. Masson?—R. Quand il est venu il m'a dit que M. Masson était malade.

Q. Vous a-t-il dit qu'il avait téléphoné à M. Bisaillon?—R. Je ne crois pas. Je sais qu'il a téléphoné à M. Bisaillon rendu là-bas.

(Quelques questions sont posées au témoin en langue anglaise par l'honorable M. Stevens):

M. Calder, C.R.:

Q. A quelle heure êtes-vous parti pour Saint-Sulpice?—R. Nous avons dû partir du canal vers les dix heures pour aller chez M. Duval; nous avons attendu après madame Duval qui était au lit, pour qu'elle s'habille et qu'elle soit prête. M. Duval tenait à amener sa femme parce que, ce jour-là, c'était le vingtième anniversaire de leur mariage.

Le président:

Q. Quelle heure était-il?—R. Il était assez tard pour se coucher.

Q. A peu près?—R. Onze heures, à peu près, quand nous sommes repartis de là.

M. Calder, C.R.:

Q. Vous êtes arrivés à Saint-Sulpice entre onze heures et minuit?—R. A peu près ça.

Q. M. Duval savait, à ce moment-là, qu'il s'agissait de la barge *Tremblay*, qu'elle devait être à Saint-Sulpice; alors il n'est pas vrai qu'il ne savait pas qu'il s'agissait de la barge *Tremblay* et qu'il l'a découverte en tournant, lorsque ses lumières ont tourné sur le quai de Saint-Sulpice? Ça, ce n'est pas vrai? S'il savait, avant de partir, que c'était la barge *Tremblay*, qu'il fallait aller la voir à Saint-Sulpice, il n'est pas vrai qu'il ignorait que c'était la barge *Tremblay* et qu'il l'a découverte seulement en tournant ses lumières par accident sur le quai? —R. Ce n'était pas bien certain qu'elle serait accostée. Je n'ai pas à prendre la défense de Duval. Je l'attendais pour l'avoir.

Q. En arrivant là, êtes-vous descendu sur le quai?—R. Moi personnellement?

Q. Oui.—R. Non, je suis resté dans mon petit coin dans l'automobile.

Q. Madame Duval aussi?—R. Oui.

Q. M. Duval est descendu seul?—R. Oui.

Q. S'est-il rapporté à vous après avoir parlé aux gens sur le quai?—R. Oui. Il est revenu, il dit:

"Les officiers de la Commission des Liqueurs sont arrivés avant nous, ils l'ont saisie. Il faut que j'aille faire un rapport de cela à mon chef".

Q. Où a-t-il été téléphoner?—R. Il a été téléphoner au village de Saint-Sulpice, à peu près un mille plus bas.

Q. Etiez-vous en voiture?—R. Il est allé en voiture.

Q. Il est allé avec vous autres?—R. Il est venu avec nous autres.

Q. Il est venu en vous rapportant ce que Bisaillon lui avait dit?—R. Oui.

Q. Vous a-t-il dit qu'il avait dit à Bisaillon que vous étiez concerné dans dans l'affaire?—R. Oui. Il dit: "Je viens de lui dire que tu es avec moi."

Q. Ça n'avait plus d'importance, parce que les douaniers, en cette occasion, c'était les officiers de la Commission des Liqueurs, ils avaient fait la saisie. Avez-vous jamais fait une réclamation pour l'information, pour obtenir une récompense?—R. Non, pas encore. Seulement j'en ai parlé aux inspecteurs.

Q. Après avoir téléphoné êtes-vous revenus au quai?—R. Oui.

Q. M. Duval est allé là de nouveau?—R. De nouveau.

Q. Il s'est rapporté à vous après; qu'est-ce qu'il a dit en revenant?—R. Il m'a dit que les officiers de la Commission étaient responsable, que Bisaillon lui avait conseillé de les laisser en charge.

Q. A-t-il téléphoné une ou deux fois à Bisaillon?—R. Je suis sous l'impression qu'il a téléphoné deux fois, mais je ne pourrais pas jurer. Je crois que l'officier de la Commission a refusé de reconnaître la saisie pour commencer; mais je ne suis pas certain, je ne puis pas le jurer.

Q. Vous n'êtes pas allé au quai, vous êtes resté dans la machine?—R. Je suis resté dans la machine.

Q. Après le second téléphone, s'il y en a eu deux, après votre retour de la barge, vous êtes retourné à Montréal?—R. A Montréal.

Q. Comme dit la chanson chacun s'en va se coucher?—R. Oui, monsieur.

Q. N'étiez-vous pas attendu ce soir-là par les Américains; vous n'aviez pas fixé de rendez-vous avec eux à Saint-Sulpice?—R. Non. Ils avaient leur chauffeur, je n'avais pas d'affaire à y être.

Q. Je ne demande pas cela. Je vous demande si vous aviez fixé un rendez-vous avec eux, s'ils vous attendaient, à Saint-Sulpice?—R. Je ne pense pas, ils ne devaient pas m'attendre.

Q. Comment expliquez-vous que l'un d'eux a dit, en arrivant à l'hôtel, à Saint-Sulpice: "Where is Brien?"?—R. Je ne puis pas m'expliquer cela.

Q. Le lendemain, quand vous avez vu Stewart et Campbell au garage Atwater, vous ont-ils expliqué comment il se faisait qu'ils n'étaient pas prisonniers?—R. Je crois qu'il en a été question.

Q. Qu'est-ce qu'ils ont dit?—R. Ils ont dit qu'ils s'étaient esquivés l'un après l'autre.

Q. Ils ont dit qu'ils s'étaient esquivés l'un après l'autre?—R. Oui.

Q. Ils n'ont pas dit qu'ils avaient eu grande difficulté à le faire?—R. Ils avaient l'air à avoir du plaisir entr'eux. L'un d'eux a dit qu'il avait fallu qu'ils s'y prennent deux ou trois fois, je ne me rappelle pas lequel.

Q. Ont-ils dit qu'il y en avait d'autres à bord qui se sont échappés dans la nuit de la saisie?—R. Non, pas à ma connaissance.

Q. J. E. Bélisle, est-ce Joseph E. Bélisle?—R. Je ne sais pas si c'est J. E. Bélisle.

Q. J. E. Bélisle n'a pas fait d'affaires après l'introduction de la Commission des Liqueurs?—R. Non.

Q. La firme J. E. Bélisle n'a pas fait d'affaires avec l'entrepôt Noël?—R. L'entrepôt Noël dont il a été question à l'enquête?

Q. Oui.—R. Non.

Q. Si vous ne nous représentez pas Bélisle vous êtes exposé ici à une saisie en exécution d'un jugement de $537.50, parce que vous avez admis que vous étiez J. E. Bélisle. J'ai ici un dossier devant moi prouvant qu'un nommé J. E. Bélisle, faisant affaires, à Montréal, comme trafiquant de liqueurs, a fraudé la douane en violant une obligation de transport de Québec, à l'entrepôt Noël? —R. En quelle année?

Q. En 1923.—R. Il y a longtemps que notre Bélisle. . .

Q. Il a violé cette obligation en changeant certains colis de destination?—R. Ce n'est certainement pas moi, je n'ai pas eu connaissance de cela.

Q. Vous n'avez jamais revu M. Bélisle depuis 1921?—R. Depuis le 1er mai, non.

Q. Vous ne l'avez pas cherché?—R. Dernièrement, oui.

Q. Vous l'avez cherché dernièrement?—R. Depuis qu'il en est question. J'ai demandé à plusieurs, je suis certain qu'ils l'ont connu, ils disent que non parce qu'ils ont peur d'être appelés. Ce n'est pas bien aimable de se faire appeler ici.

Q. Ce n'est pas dégradant?—R. Ce n'est pas dégradant, mais ce n'est pas amusant non plus.

Q. Quelles sont les personnes auxquelles vous vous êtes adressé pour trouver Bélisle?—R. J'en ai parlé peut-être à une cinquantaine.

Q. Pourriez-vous nommer une demi-douzaine de ceux dont vous vous rappelez?—R. Oui.

Q. Qui?—R. Je puis vous nommer M. Noël, votre adjudant, qui a pris le bureau occupé par Bélisle.

Q. Votre bureau d'affaires à Montréal?—R. Son père a acheté cet actif de moi, je lui ai demandé s'il se rappelait de Bélisle lors du transport.

Q. Qui encore?—R. J'ai demandé à plusieurs.

Q. Pour pouvoir les interroger?—R. Je comprends. S'ils ne veulent pas, pourquoi les nommer?

Q. Je vous promets de les interroger à domicile.—R. Je vous le dirai, monsieur Calder, si cela peut vous aider.

Q. Vous aviez parlé ce matin des prêts à Giroux; lui en avez-vous fait plusieurs?—R. C'est arrivé quelquefois qu'il m'a demandé de l'argent et je lui en ai prêté. Il me le remettait. C'est arrivé même bien avant 1920.

Q. Je trouve ici une série de paiements faits par M. Giroux se montant à un total de $1,178.85, payables généralement au milieu et à la fin de chaque mois?—R. A moi?

Q. Oui.—R. En quelle année, cela?

Q. En 1919 à 1922, de juin 1919 à mars 1922.—R. Je sais. Il me semble que je l'avais aidé en lui escomptant un billet à ma banque pour couvrir une hypothèque qu'il devait renouveler sur une propriété.

Q. Et ceci expliquerait les paiements qu'il vous a faits en remboursement? —R. Il me semble que tous les mois il venait chercher mon endossement pour aller à la banque renouveler et donner un acompte.

Q. Et ceci expliquerait les montants variant de $70 à $24 qui seraient portés sur la liste de l'auditeur? Voulez-vous regarder la liste que je vous montre, à la page, cédule 3, d'un rapport du 26 avril 1926, des auditeurs Clarkson, Gordon et Dilworth?—R. Est-ce qu'il n'y a que cette page-là?

Q. Oui.—R. Bien, cela serait peut-être un montant de $1,000 que je lui aurais prêté et les $178 seraient les intérêts, peut-être. Mais j'en ai bien prêté, à tout le monde, je ne m'en rappelle plus.

Q. Vos prêts ont commencé à peu près vers la période où vous avez commencé vos affaires?—R. Non, j'en ai prêté avant cela, aussi. J'en ai prêté dans le temps de la vieille douane, sur la rue des Commissaires.

Q. Et d'après ceci, cela s'est arrêté aussi vers le moment où la Commission des Liqueurs a commencé à opérer?—R. Ça dû s'arrêter quand j'ai fait faillite; je n'en avais plus à prêter alors.

Q. Avez-vous déjà eu, à l'emploi de J. E. Bélisle, un nommé Lacroix?—R. Oui, monsieur.

Q. Savez-vous son adresse actuelle?—R. Non, monsieur.

Q. Ce n'est pas le Lacroix que vous appeliez ce matin "Corey"?—R. Non, monsieur.

Q. Qu'est-ce qu'il faisait, Lacroix?—R. Il était au bureau aussi, aux livraisons.

Q. Vous ne connaissez pas son adresse?—R. Non, monsieur.

Q. Connaissez-vous ses initiales?—R. P. Lacroix. J. P. ou P. Lacroix.

Q. Vous avez laissé les douanes à quelle date?—R. Cela doit être au mois de juin 1922.

Q. Avez-vous démissionné?—R. Oui, monsieur.

Q. Vous n'avez pas été remercié de vos services?—R. Non, non.

Q. Est-ce que Lacroix était attaché à une agence de détectives, avant ou après cela?—R. Pas à ma connaissance. Je ne sais pas ce qu'il a fait après.

Q. Est-ce qu'il est blond et chauve, ce garçon-là?—R. Non, il est brun.

(M. Bell interroge le témoin en anglais et le témoin répond en anglais.)

M. Bell:

Q. (Interprétation) Je suggère que vous avez juré cela.—R. Quoi?

Q. (Interprétation) Que c'était M. Bisaillon qui avait demandé à M. Bélisle de lui prêter son nom?—R. J'ai dû dire que nous deux, on étaient tous les deux. Vous pouvez lire ma déposition de ce matin.

Le président:

Q. M. Bisaillon connaissait Bélisle?—R. Certainement.

(L'interrogatoire du témoin est continué en langue anglaise.)

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 52—FRIDAY, MAY 21, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESS:

Mr. Ludger Brien, Ex-Customs Preventive Officer, Montreal, Que.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1926

EXHIBITS FILED

No. 171—Bank cheque dated 22nd August, 1924, drawn on Provincial Bank of Canada, St. Agathe, Que., to order of L. Brien for $375.00, signed by Lamoureux & Freres.

No. 172—Small piece of an envelope, bearing words " Main 7114 Mr. Knox".

MINUTES OF PROCEEDINGS

FRIDAY, 21st May, 1926.

The Committee met at 10.30 a.m., Mr. Mercier, the Chairman, presiding.

Present: Messrs. Bell, Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Père and Stevens—8.

Committee counsel present: Messrs. Calder and Tighe.

The minutes of yesterday's meeting were read and adopted.

Moved by Hon. Mr. Stevens,—That Alberic Gelinas of Montreal, be summoned to appear as a witness before this Committee on Tuesday next.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That H. G. Duncalfe of Rock Island, be summoned to attend on this Committee and to produce all the books and records of the R. & G. Company, or of the firm of Gauthier & Duncalfe, on Tuesday next, May 25th.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the following be summoned for Tuesday, 25th May, 1926, at 10.30 a.m.

1. Matt Barry, 676 Notre Dame street west, Montreal.
2. Philippe Mouette, 71a St. James street, Montreal,

the latter to bring with him all his records in connection with the prosecution of Miss Lortie and Miss St. George on a charge of possession of narcotic drugs.

Motion agreed to.

Mr. Ludger Brien, Ex-Customs Preventive Officer, Montreal, Quebec, was recalled and examined respecting,—

1. Smuggling of automobiles,
2. Smuggling of liquor,
3. Liquor dealing,
4. Barge Tremblay seizure.

During the examination, there were filed,—

Exhibit No. 171—Bank cheque dated 22nd August, 1924, drawn on Provincial Bank of Canada, St. Agathe, Quebec, to order of L. Brien for $375, signed by Lamoureux & Freres.

Exhibit No. 172—Small piece of an envelope, bearing words "Main 7114 Mr. Knox."

Witness discharged.

The Committee adjourned until Tuesday, 25th May, at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

FRIDAY, May 21, 1926.

The Special Committee appointed to investigate the administration of the Department of Customs and Excise, and charges relating thereto, met at 10.30 a.m., the Chairman, Mr. Mercier, presiding.

LUDGER BRIEN recalled.

By the Chairman:

Q. Mr. Brien, you are under the oath already taken?—A. Yes, sir.

By Hon. Mr. Stevens:

Q. Mr. Brien, do you know Dr. Sproule?—A. I would request that all questions be put to me in French to-day. I was somewhat confused yesterday by the questions put in English.

Q. That is your privilege, Mr. Brien, but you would help the Committee a great deal if you were to allow us to conduct the examination in English. I know you understand English very, very well. However, if you insist upon it being in French, we will meet your wishes.—A. I understand English, but not like my mother-tongue, and I do not quite grasp the shadings between certain sentences.

(Examination conducted in English; answers being given in French and translated by Mr. Beauchamp, the Official Interpreter).

Q. Do you know Dr. Sproule?—A. I knew a Dr. Sproule.

Q. Where does he live?—A. He lived at Montreal.

Q. He was quite a noted dealer in smuggled cars?—A. I cannot say.

Q. What?—A. I cannot say.

Q. Did you have dealings with Dr. Sproule, in connection with a Packard touring car which was seized on March 23rd, 1925?—A. Dr. Sproule was a customer at the garage, and he used to purchase his gasoline and oil, and sometimes had repairs done there.

Q. Do you recollect Dr. Sproule bringing a car, a Packard car in to you—I will give you the Number. Engine No. 12876, serial No. U.12683?—A. I know that Dr. Sproule was the owner of a Packard car, but I never looked at the engine or the serial numbers.

Q. You sold the car, didn't you, later yourself?—A. I never sold an automobile for Dr. Sproule.

Q. I have an affidavit made by Joseph Lamoureux of the Province of Quebec, District of Montreal:

"I, Joseph Lamoureux of St. Agathe, owner of a garage, being duly sworn, depose and say:

On the 22nd August last, 1924, I bought from Mr. Ludger Brien, Montreal, garage owner, Packard touring automobile bearing license number 12876, serial No. U. 12683.

That I paid for the same automobile to the said Ludger Brien, the sum of $875 that is $500 cash and $375 by cheque.

That I bought this car in good faith.

(Signed) JOSEPH LAMOUREUX.

Sworn before me at Montreal,
This 24th day of March, 1925,
(Signed) J. MÉNARD."

Do you recall that?—A. I have no knowledge of the affidavit and I am not the person who sold the car to Lamoureux.

Q. You did not sell the car to Lamoureux?—A. No, sir.

Q. Then when Lamoureux says he paid you $500 cash, and $375 by cheque, he is not telling the truth?—A. The sale was made directly by Dr. Sproule to Lamoureux without my taking any part. I was not even present; I was in my office and his transaction took place outside. Only Lamoureux came to me and told me he did not have enough money and the other party did not want to accept his cheque. He asked me if I would accommodate by taking his cheque and cashing it and handing over the balance the following day to Dr. Sproule. I merely did that to help out the two parties. I knew that Lamoureux was in good standing financially, and he was in a position to pay.

Q. Just a moment ago you said you were outside and had nothing to do with it; now you say you acted as negotiater of the deal; which is true?—A. I did not state I acted as intermediary or go-between when I said I accepted to pay for Lamoureux to Dr. Sproule the amount of the cheque when I got the money from the bank. That does not mean I had participated in the sale of the car.

Q. Did you not 'phone long distance to St. Agathe and ask Lamoureux to come to Montreal, stating you had a Packard car for sale which you thought would suit him?—A. No, not I.

Q. Whom did this car belong to?—A. I do not know.

Q. We will read a letter from Lamoureux; another statement dated at St. Agathe, June 20th, 1925:

> "Province of Quebec,
>
> I, Joseph Lamoureux, of St. Agathe, Province of Quebec, did purchase from L. Brien, Montreal, Quebec, a small Packard six touring car, 1923 model, about the latter part of August, 1924, for the sum of $850. I paid Brien $500 cash and $375 by cheque. This also included $25 for spare tire. This purchase was made in Brien's own garage on Atwater street, Montreal, P.Q. My brother-in-law, Andre Groulx, who lives in Montreal, was with me in Montreal at the time I purchased the car in question from Brien and also heard the conversation and terms of the purchase.
>
> I took the car with me the same day of the purchase from Montreal to St. Agathe and had the same in my possession until seized by Customs Officer Duval in March last, 1925.
>
> When I purchased the automobile in question it was in terribly bad condition. I had made repairs on said car to the value of $500.
>
> At the time of purchase of car Brien asked me $1,200 for the car, but the car was not worth any such amount. I did not want a car badly and would not pay no such price for a secondhand car. Brien then asked me $1,000, but I refused and I did not want the car as it was in so bad condition. I finally purchased the car for $850. I never thought the car in question was smuggled, otherwise I would not have purchased same.
>
> (Signed) J. LAMOUREUX."

Q. What do you say to that? That is signed by Joseph Lamoureux?—A. I never had any knowledge of the facts mentioned there.

Q. You swear that positively?—A. Yes, I do.

Q. That is your endorsement?—A. Yes, sir.

Q. You received that cheque, did you?—A. I received it in order to hand over the proceeds. Mr. Chairman, at this stage I would like to make a statement. I have also to say I saw this cheque in the hands of Mr. Knox in Montreal, that is not very long ago. He came to my home one Sunday. He had come several times previously to obtain certain information, which he claimed I was in a position to give. He had this cheque in his pocket. I do not know whether

I should state this, but it is what I want to state and it is the truth. He stated that he was waiting to take proceedings against me to see what I would do in this case, if I was ready to help friends in this investigation. He showed me the cheque. I told him I was always ready to tell the truth, the whole truth. Proof that Mr. Knox came to my home is in the fact he left his card, or left a note. He left the card which I am now handing to you. He returned on Sunday while I was preparing to leave for church. Then I told him I had not much time to speak to him, neither did I like this thing. If you want to see the card which Mr. Knox left at my home and handed to my wife, here it is. (Witness produces card).

The CHAIRMAN: Then, I understand that this cheque and this small note are produced as exhibits 171 and 172.

The WITNESS: But I will tell you he had seen Dr. Sproule and to use the word he used, he said Dr. Sproule had "squealed" and had told the whole story. I told him "then, if that is the fact, then there is nothing I can tell you. I will wait till I am attacked before speaking." He told me many other things which I will tell if need be.

By Hon. Mr. Stevens:

Q. You say you got this little slip, which is marked (exhibit 172) from your wife?—A. Yes, sir.

Q. You did not pick it up yourself?—A. No, sir.

Q. You were not there when she found it?—A. She did not find it, it was Mr. Knox who handed it to her, or one of the children, or a member of the family at my home. The telephone number is that of the Hotel Windsor, I believe.

Q. A very handsome visiting card; on the corner of the envelope. To whom did you pay over the money for this car?—A. It is not for the automobile I paid the money, I handed over the proceeds of the cheque.

Q. That is not what I asked you. You just now admitted that you received $500 in cash, and $375 by cheque from Lamoureux; now to whom did you turn this money over?—A. I have not admitted that I had received $500. I did not receive $500.

Q. Did you receive $500 cash?—A. I did not receive the $500 myself.

Q. To whom did Lamoureux pay the $500 in cash?—A. I don't know, I was not present.

Q. You said a moment ago you were present when the $500 and $375 were handed over?—A. I did not state that.

Q. You received $375?—A. I stated they came into my office and they asked me if I would give the proceeds of that cheque for $375 because Lamoureux did not have the required amount of money to complete the payment.

Q. To whom did you pay the $375?—A. I paid that over to Doctor Sproule.

Q. You paid the $375 to Doctor Sproule, is that right?—A. Yes, that is it.

Q. Are you quite sure about that?—A. Yes, sir.

Q. You swear you paid the proceeds of this cheque, $375, to Doctor Sproule?—A. He must not have left the money with me, he must have collected it.

Q. Well, that is different. What did you do with the $375; that is what I want to know? You said you gave it to Doctor Sproule? Now, did you give it to Doctor Sproule?—A. Certainly, I gave it to him.

Q. Did you cash this cheque?—A. I deposited that cheque in order to collect it before paying the proceeds.

Q. Did you give your own cheque to Doctor Sproule?—A. I believe I handed over the amount in two or three small sums.

Q. When did you hand over these amounts to Doctor Sproule?—A. The following day, when I was certain that the cheque was good.

Q. Did you give it to him in one, two, or three amounts?—A. It seems to me I gave him the proceeds in two amounts, or possibly three amounts. I am not certain of that.

Q. You are sure you gave to Doctor Sproule $375?—A. Yes, sir.

Q. And Doctor Sproule is the owner of the car?—A. I don't know whether he was the owner of the car or whether the car belonged to him.

Q. You, as garage manager, witnessed the transfer of the car from Doctor Sproule to Mr. Lamoureux, and handled a portion of the purchase price, and handed it over to Doctor Sproule, without knowing whether Doctor Sproule owned the car or not?—A. What I handed over was the proceeds of the cheque, only that.

Q. Why did you split it up in two or three different amounts, and wait for a day?—A. I did that in order to gain time, so as not to expose myself, to not risk paying the amount, and I wanted to wait for the return of the cheque from Ste. Agathe, which is some distance away. I knew that Lamoureux was capable of paying, but I did not want to take any chances.

Q. When did you deposit this cheque, the same day or the next day?—A. The date on which the cheque was deposited is on the cheque.

Q. That is not what I asked you. I asked you when you deposited this cheque?—A. I don't recall whether it was the same day or the following day.

Q. Was it not later than the following day?—A. I don't remember.

Q. The date of the cheque (Exhibit No. 171) is the 22nd of August, 1924, at Ste. Agathe, for $375, on the Provincial Bank of Canada, signed by Lamoureux & Freres. The cheque is made out to L. Brien; it is endorsed "L. Brien" and underneath "Ludger Brien in Trust," showing that you deposited it in your trust account. Where was that trust account?—A. At the bank which is mentioned there, the Bank of Toronto.

Q. This was deposited, according to the stamp, in the Bank of Toronto on August 26, and it was paid by the Banque Provinciale on August 28. That would be, in the first place, deposited four days after the drawing of the cheque, and it was paid by the Banque Provinciale two days after it was deposited. That does not agree very well with your story about paying this money over to Doctor Sproule. Now, Mr. Brien, my information is that you never paid this to Doctor Sproule at all, that Doctor Sproule smuggled this car in, and through you, and with your knowledge sold this smuggled car to Lamoureux, and that this $375 represents your profit in the transaction?—A. No sir.

Q. That is all you have to say in connection with that?—A. Yes sir.

Q. Did you see Mr. Lamoureux' brother, who resides in Montreal, and ask him to use his influence with the drawer of this cheque not to take action against you for the recovery of this money?—A. No sir.

Q. You are quite sure of that, eh?—A. Certain.

Q. What time did you close up that J. E. Belisle Company?—A. At the time when the Liquor Commission was established.

Q. Mr. Bisaillon tells very definitely, on two or three occasions, it was on the 30th of April, 1921; is that right?—A. At or about that time.

Q. Now, all of the deposits of that company were placed in your name, were they not?—A. As far as I can remember, yes.

Q. And Mr. Gelinas paid off the overdraft of $15,000, is that right?—A. I can't state, I don't exactly know what the overdraft was. Mr. Gelinas will be in a position to tell you if you call him as a witness.

Q. It was closed out, anyway, by Mr. Gelinas, was it not?—A. He handed me a cheque to cover the overdraft at the bank.

By Mr. Bell:

Q. The witness said yesterday, it was approximately $14,000 or $15,000, the overdraft?—A. I believe it is more than that.

By Hon. Mr. Stevens:

Q. You started another trust account, or is this the same trust account?—A. That is quite a time afterwards, that is the Bank of Toronto, and the other was the Hochelaga Bank.

Q. Did you always do your business in a trust acount?—A. I no longer have any accounts.

Q. I think you swore yesterday that you did no other liquor business after that date, is that right?—A. Yes sir.

Q. That is right, eh?—A. In Canada.

Q. I thought you would qualify that. Have you been living in the United States?—A. I suppose you will investigate in the United States also?

Q. Do not get facetious. Have you been living in Canada since?—A. No, I went to the United States on a certain occasion.

Q. You have been living in Canada, or how long were you away?—A. I do not remember precisely, I was perhaps about fifteen days in New York.

Q. That is all right, that is merely a visit. You have been residing in Canada, and what business you have done has been done in Canada; that is right, is it not?—A. No, sir, that is another affair altogether.

Q. What is another affair altogether, your trip to the States?—A. This was an importation at New York from a certain syndicate which has been mentioned, which was mentioned before the Private Bills Committee at Quebec.

By Mr. Calder, K.C.:

Q. Was that a Belgian syndicate?—A. No, it was a Canadian syndicate.

Q. Was that liquor imported from Belgium?—A. No, that liquor was imported from Scotland.

By Hon. Mr. Stevens:

Q. Who were the members of this syndicate?—A. It is not necessary, it has nothing to do with smuggling into Canada. That will bring forward names of persons whom I do not want to drag before this Committee. I swear that there was no smuggling into Canada in this case. It was a syndicate formed for the importation of goods into the United States. I know that you have the power to make me give the names, only I say that has nothing whatever to do with Canada, it was not smuggling into Canada. You are the master here; if you want to compel me to name these persons, you have the power to do so. As a matter of fact, the record is in the report of the Public Accounts Committee in Quebec. It is a volume that thick (indicating).

Hon. Mr. STEVENS: We will leave that just for the moment.

Mr. DONAGHY: Make him give the name, Mr. Stevens.

Hon. Mr. STEVENS: I think that will be more reasonable after we get some more evidence.

By Hon. Mr. Stevens:

Q. We will leave the question of disclosing names, for the moment. You say that you, as far as Canada is concerned, ended your transactions in liquor on April 30, 1921, or thereabouts?—A. In the course of that season.

Q. And that J. E. Belisle and Company did not transact any more business after that date?—A. They certainly made no purchases after that date?

Q. Did they make any sales?—A. I do not remember that there were sales.

Q. Did you ever hear of the Health Pharmacy Products Company of Montreal?—A. No, sir.

Q. Well, my information is that the group operating under the name of J. E. Belisle, also operated as the Health Pharmacy Products?—A. Not our Belisle.

By Mr. Bell:

Q. He may have lent his name to somebody else?—A. Maybe he did.

By Hon. Mr. Stevens:

Q. That J. E. Belisle operated as the Health Pharmacy Products in the year 1923?—A. No, not to my knowledge.

Q. Not to your knowledge?—A. I never saw him again, after 1921.

Q. Did you ever see him before?—A. Yes, I said so yesterday.

Q. You have never said it very positively yet?—A. I said what I knew.

Q. There was a permit taken for the transfer of 3736.26 proof gallons of liquor from the Examining Warehouse in Quebec to the Murray Pharmacy Company at Montreal, with a bond for $10,879 put up. Do you know anything about that?—A. I know nothing about it.

Q. This was done through the famous J. E. Belisle?—A. I know nothing about that.

Q. Quite sure of that?—A. I am certain. I know nothing about that transaction. It is not only one dog that is called by any one name. There was a Ludger Brien who died some time ago; he had nothing to do with me.

Q. I am not interested in the Ludger Brien who died, I am interested in the Ludger Brien who is very active here. What were you doing during 1922 and 1923?—A. In 1922 I organized the Auto Supplies Company, Limited, in which I lost $28,000.

Q. How much?—A. $28,000.

Q. How did you go into bankruptcy because of the failure of J. E. Belisle, and then next year lose $28,000 in the automobile business? (No answer).

Mr. CALDER, K.C.: I am afraid you are under misapprehension, Mr. Stevens. The statement of the witness is that he went into liquidation personally, as a consequence of his losses in United Automobile Service.

WITNESS: In 1922 I organized the Auto Supplies Company, Limited, in which I lost $28,000.

By Hon. Mr. Stevens:

Q. Did you put $28,000 in the business?—A. Yes.

Q. Well, you told us yesterday that when you closed the J. E. Belisle Company, you had lost so much money that Mr. Gelinas had to put up $15,000 to pay the overdraft in the bank; that is correct, is it not?—A. In that particular business, yes.

Q. Where did you get the money to put $28,000 the next year into the automobile business?—A. If you will examine the assessment rolls of the city of Montreal, you will see that in 1909 I was the owner of some property, and in 1912 and 1913 I repurchased some, and in 1916 I also repurchased some property. In 1920 I believe I was worth, not very much, but I figure I was worth possibly $20,000.

Mr. Brien, my information is that you had been interested in the liquor business. The illegal liquor business, liquor smuggling, perhaps not as a principle but as a subordinate, during this period?—A. What period do you refer to?

Q. Since the J. E. Belisle Company closed down in 1921, and right up to and including the barge "Tremblay" incident?—A. I never imported one gallon, or one bottle of liquor, nor exported.

Q. Just now you told us you were not in the liquor business in Canada, but you were in the export business or the liquor business out of Canada?

—A. An attempt was made to take goods into the United States, but it did not succeed very well.

Q. What did you do with the goods?—A. The goods remained there.

Q. Are they still there?—A. I do not think so.

Q. What did you do with them?—A. As I told you, all that was given at the investigation at Quebec. It is embodied in a voluminous report.

Q. You are not very clear, Mr. Brien. You say you tried to export some liquor to the United States, but it failed. I ask you where that liquor is, is it still where it was?—A. I did not state that I tried to export liquor; I said I was a member of a syndicate which made an attempt to bring liquor into the United States, which did not succeed.

Q. Who were the members of that syndicate? I want those names now? —A. Do you insist on having those names?

Q. Yes, I want those names, all of them. Give their full names while you go along, and save us going back over them?—A. There was a Mr. Lavallee; I do not know what his christian name was.

Q. Give us the next one, giving the full name, occupation and address?— A. Mr. Lavallee was formerly the manager of the factory at St. John.

By Mr. Donaghy:

Q. Where is he now?—A. I repeat here again that this syndicate had nothing to do with the smuggling into Canada.

By Hon. Mr. Stevens:

Q. We will be the judges of that. Please give us the list?—A. Mr. Albert Brosseau; he was retired at the time, and lived in Montreal North.

Q. Do you know his address?—A. He still lives there in Montreal north.

Q. Is it in the telephone book?—A. It must be in the telephone book.

Q. Who was the next?—A. There was a Mr. Narcisse Lard, of St. Johns, Que.

Q. What did he do?—A. He was formerly a merchant.

Q. Is he living in St. Johns now?—A. I think so.

Q. Who is the next one?—A. Myself.

Q. Who is the next?—A. There was also a Mr. Nellegon.

Q. What is his first name?—A. His name is J. Nellegon.

Q. What was his address?—A. I believe he lived on Hudson street, I am not sure.

Q. In Montreal?—A. In Montreal.

Q. Who else?—A. Those are the only persons who formed part of the syndicate, for the purchase of a vessel.

Q. As part of the syndicate?—A. To form part, who were members of the syndicate for buying the vessel.

Q. Who else was connected with it, from the standpoint of buying the liquor? —A. As for me, I did not have anything to do with the purchase of the liquor. The persons who had something to do with the liquor were on the other side of the boundary line. By the other side, I mean the other side of the ocean.

Q. Tell us their names?—A. Albert Brosseau, and Mr. Lavallee.

Q. Are they not named already?—A. Yes.

Q. From whom did they purchase this liquor?—A. Is this absolutely necessary. There was no smuggling into Canada. I do not want to read a lesson to the Committee, but this seems to be childishness.

Mr. BELL: We are all grown up.

By Hon. Mr. Stevens:

Q. We will judge of the childishness, Mr. Brien. We want the names of the parties from whom this liquor was purchased?—A. I do not remember. This was all stated before. Copies of the contracts were produced at Quebec.

Hon. Mr. STEVENS: Mr. Calder, the papers in these proceedings did not include that investigation before the Quebec Special Committee of the House?

Mr. CALDER, K.C.: No sir.

By Hon. Mr. Stevens:

Q. In the absence of these papers, give us from your own knowledge, as fully as you can, from whom this liquor was purchased?—A. I do not know who these persons were, but you will find that in the report of the investigaiton conducted at Quebec. It is all there.

Q. Where were they living, these parties?—A. They lived on the other side, either in England or Scotland.

Q. What was the name of the vessel you chartered?—A. I am not the person who chartered the vessel.

Q. I did not ask you that, I asked you the name of the vessel which was chartered?—A. I believe it was the Istar.

Q. Where was she chartered?—A. I do not recall these facts. They were all reported there.

Q. Was she chartered in Montreal?—A. No sir. The boat was chartered by Mr. Brosseau and Mr. Lavallee at the time of their trip to England.

Q. Mr. Brousseau and Mr. Lavallee?—A. Yes.

Q. They chartered this vessel in England, is that right?—A. I believe so.

Q. The records you say will show from whom the liquor was purchased?—A. I believe so.

Q. What kind of liquor was it, you will know that?—A. I believe it was good old Scotch.

Q. You say that you failed to get entry to the United States with this liquor?—A. Yes, sir.

Q. What did you do with the liquor?—A. The parties who sold the liquor kept it.

Q. What is that?—A. The parties who sold the liquor kept it.

Q. Who paid for this liquor?—A. I believe there was a deposit of between $28,000 and $30,000 which was made. It amounted to about £7,000 sterling.

Q. What was that sum?—A. The deposit was either $28,000 or $30,000.

Q. Your syndicate put up a deposit of $28,000 or thereabouts?—A. Mr. Brosseau and Mr. Lavalle made a deposit of about $28,000; it was £7,000 sterling.

Q. Did they lose all that?—A. I believe they did.

Q. Did you say the vessel was the Istar?—A. That is what I said.

Q. Let us look at the Istar. The Istar is shown in Lloyd's register, Vol. 1, 1925 and 1926 as a Steel twin screw, which is a nautical name; she was built on the Clyde bank, and the owners are shown as Jeremie Brown & Company, Limited; the registered dimensions are 288 feet, breadth 36 feet; and 17 feet depth; flying the British flag, 1,740 tons register.

Now, Mr. Brien, what I would like to know is what became of that liquor?—A. I do not know what happened to the liquor. I believe that those who had it disposed of it. I do not know in what manner. We returned to Montreal empty handed, and minus $28,000.

Q. They were all Canadians that chartered that vessel?—A. I believe they were.

Q. What did you put into this venture; did you put anything in at all?—A. I put in between $2,000 and $4,000 which I borrowed from my mother.

Q. What date was that?—A. At the date on which the transaction took place. I believe it was about December, 1922 or January, 1923.

Q. In January, 1923?—A. Yes, in that period.

Q. That would be about the same time as J. E. Belisle was operating under a new nomenclature, the Health Pharmacy Products; was there any chance of

that liquor coming into Canada through J. E. Belisle?—A. It is not likely that these means would have been employed, to bring liquor into Canada by way of New York.

Q. I did not ask that. You said you could not get into New York. When you could not get into New York, did you bring the liquor into Canada through the J. E. Belisle concern?—A. I said what was done with the liquor; the liquor remained aboard the vessel at sea.

Q. Is it still there?—A. One would have to go and see to believe.

Q. You are leaving the whole matter at sea, apparently. Well, a brief summarization of that is that several other Canadians already named here and yourself chartered a vessel, paid up some $28,000, purchased liquor in the old country, and that cargo you say was destined to New York. Up to that point I am correct, am I not?—A. That seems to me to be correct.

Q. You failed to get entry into the United States or into New York, with this liquor, that is correct?—A. Yes, that seems to me to be correct.

Q. All you can tell us now about the disposition of the liquor owned by the Canadian Syndicate is it stayed at sea, is that your last word?—A. I say that they cancelled our order and kept the deposit which we had made and we returned with our little grips to Montreal. I do not know what they did with the goods afterwards; I would have preferred having the goods disposed of, but the Syndicate should have disposed of the goods, because we could have got back the money we had invested in the enterprise. I do not know what they did afterwards. I suppose they sold these goods or returned them to England. I do not know; I cannot say.

Q. To dispose of that, was it their own money that was put up?—A. I do not know. I know I took my money to invest in that undertaking and I do not know where they got theirs.

Q. Did you have dealings with Mr. Gelinas in the year 1924?—A. No, sir.

Q. When you were in the liquor business and still Customs Officer, did you have many customers in Montreal?—A. I do not recall having customers in Montreal; we might have made a few sales to a few friends.

Q. Who were among your customers in connection with the Customs Department?—A. I do not recall any.

Q. Did you sell any liquor to your superior officers?—A. No.

Q. Never?—A. No, sir.

Q. Now, regarding the barge "Tremblay, what interest did you have in that cargo?—A. I had no interest in it.

Q. What did you get for your services in introducing Hearn and Neil to Perreault and Symons?—A. I was placed under arrest and I was charged with being an accomplice of one of the Americans.

Q. That may be partial justice. I asked you a different question. I asked you straight, what did you get for your services prior to the arrest and prior to the seizure for introducing Mr. Hearn and Mr. Neil to Harbour Master Symons and Deputy Harbour Master Perreault?—A. I did not get anything.—R. Je n'ai rien eu.

Q. You were there; you brought these two men to the Harbour Master; arranged for the $5,000 deposit with Captain Symons?—A. I never had anything whatever to do with the $5,000 deposit. I never knew Captain Symons before being placed under arrest on Sunday, where I was, for the first time at the Mass in the Prison Chapel on Christmas day. I never had seen him previously.—R. Je n'ai jamais rien eu à faire avec le dépôt de $5,000, ni rien. Je n'ai jamais connu le capitaine Symons avant d'être arrêté à Québec. Je l'ai vu la première fois à la messe le jour de Noël, en prison. Je ne l'avais jamais vu de ma vie avant, le capitaine Symons.

Q. You took Hearn and Neil to see Perrault, didn't you?—A. I believe I did so.

Q. That was before the trip was arranged for?—A. Yes.

Q. As a result of your interview, Captain Tremblay closed the charter for this trip, that is right, is it not?—A. When I introduced Neil to Captain Perreault either at the end of August or the beginning of September, there was no talk of any business such as that; no talk whatever of any such business. There was no talk of liquor or anything else at the time.

Q. As a matter of fact, you introduced Neil and Hearn to Captain Perreault, didn't you?—A. I know I introduced Neil; I do not recall positively whether Hearn was there, but I believe he was there.

Q. And Neil and Hearn were interested in this cargo that was later seized, that is right, it is not?—A. I do not know whether Hearn was interested or not. I never said Hearn was interested in the cargo.

Q. Neil was interested, was he not?—A. It seems to me that was the case he was interested in.

Q. You, later, were informer for the seizure of the cargo?—A. Thank you, yes.

Q. You and Duval went up to St. Sulpice?—A. I have already stated that.

Q. You now swear that you had no interest in the cargo?—A. I swear that I had no financial interest in the cargo, because my finances certainly were low.

Q. Why didn't you tell Duval it was the barge Tremblay that was coming up the river?—A. I do not recall whether I told Duval on the night of the seizure, or if I did not tell him. I could not tell him before that because I did not know myself. I only heard about it on the day, or the previous day, or the eve of the seizure. It was about that time Duval had left for Rock Island, about ten days previously, and I had not seen Duval again since that time.

Q. Are you asking this Committee to believe now that there was no connection whatever between your arrangement for Neil, the owner of this liquor, to meet Captain Perreault, through whom the charter was finally made, and your acting as informer in bringing about the seizure of this liquor by Bisaillon, thus taking it out of the hands of the Quebec Liquor Commission?—A. I am not asking the Committee to believe anything; I am simply giving evidence.

Q. That is all you have to say on that?—A. I did not give my information to Bisaillon at all.

By Mr. Donaghy:

Q. Mr. Brien, how long have you known this man Brosseau, who was interested in the Istar; what year did you first know him?—A. I believe it was in 1919 or 1920.

Q. Was that when you first knew him?—A. I knew him when I went to live in Montreal North; I believe it was in 1919.

Q. What was he doing?—A. He was retired afterwards; he was Mayor of Montreal North.

Q. At that time?—A. Yes, sir.

Q. When you first met him?—A. Yes.

Q. Now, did he ever tell you what they did with the liquor?—A. It was known later on, it was known the people in Europe kept everything; kept the deposit and they must have disposed of it, of the goods, or have brought it back there.

Q. That cannot be right. Had this man Brosseau been to England before, buying this liquor?—A. Yes sir.

Q. How long before?—A. If I remember well, he left for England about the end of October or the beginning of November.

Q. Had he been in England during the war?—A. I believe he went to Europe to take the soldiers' vote.

Q. During the war?—A. Yes, when the soldiers were there.

Q. Now, this syndicate bought and paid for the liquor, did they not?—A. No, we had deposited £7,000 sterling.

Q. Did that not pay the full price of the liquor?—A. Not for 20,000 cases of Scotch.

Q. Then do you believe that the people in England, who are selling this liquor, took it back again to England?—A. It is not my opinion, no; that is not my nature to say what I don't know.

Q. What is your opinion as to whether or not this liquor was brought into Canada?—A. I am very certain that it was not brought into Canada.

Q. What makes you certain it was not brought into Canada?—A. This was in winter, and the St. Lawrence is not suitable for navigation during the winter months.

Q. You are of the opinion it was not landed upon the Canadian coast, we will say Nova Scotia or New Brunswick?—A. I was not on board the vessel; I don't know what the Englishmen did with it; I was not on board the vessel.

Q. What did Brosseau tell you became of the liquor?—A. What I have said here; we had lost our deposit.

By Mr. Bell:

Q. Mr. Brien, just one more question, please; you told us yesterday, and repeated to-day, that the operations of the business known as "J. E. Belisle" resulted in a loss, which Mr. Gelinas covered, to the extent of some $14,000 or $15,000. You also told us that the only persons in the business were yourself and Bisaillon, you having five-sixths and Bisaillon one-sixth interest in the business. Those are things you have said, are they not?—A. Yes.

Q. I see that on the 12th of May, Bisaillon swore here that he took out of this business for himself, in the three years it was in operation, $69,000; I should like to know from you who were the main men in that business; as you have told us you signed cheques, that Bisaillon did not; if he took out $69,000 as his one-sixth in these three years?—A. Bisaillon certainly did not receive one-sixth of that amount of $69,000.

By Hon. Mr. Stevens:

Q. Just one or two questions, and I will conclude. I have been summarizing your evidence; you went into the Belisle Liquor Company, which resulted in a loss of $15,000, which was paid by Mr. Gelinas; that is correct, is it not?—A. I did not say it was a loss; I said that he had to take care of the overdraft at the time the account was closed out.

Q. Then you went into the liquor syndicate for smuggling liquor into the States, with three or four other Canadians, resulting in a loss of $28,000; that is correct, is it not?—A. The $28,000 loss was not mine, but it was the syndicate's loss.

Q. It was lost by the syndicate. Then you organized an auto company, and you say you lost $28,000 in that; that is correct, is it not?—A. I had $28,000 worth of shares in that company; the company failed, and those shares became valueless.

Q. You lost $28,000, as he stated in his evidence; that is correct, is it not?—A. Yes, sir, that is correct.

Q. Another incident was, you acted as intermediary in a transaction for the sale of a smuggled automobile from a notorious smuggler called Doctor Sproule, for which you kindly cashed a cheque for $375; the transaction being carried out in your premises, and you swear you did it all for nothing. That is another transaction; that is correct, isn't it?—A. Yes, sir.

Q. Then, in connection with the barge Tremblay involving the effort to smuggle into Canada liquor which should have paid a revenue of $240,000; you introduced the owner of the cargo to certain parties, to Captain Perrault, referred

to in the making of the chartering party; and you later acted as informant in this thing, which resulted in the seizure of this barge; that is correct, isn't it?—A. By the Customs, yes.

Q. You also admit selling to your brother-in-law that smuggled car which was later seized on information given by you, and in connection with which you got the moiety as informer; is that right?—A. I stated yesterday that he was not my brother-in-law.

Q. Is not St. Germaine your brother-in-law?—A. No: I stated I had sold the car, but I stated that I did not give the information.

Q. You got the moiety?—A. I might have been in error.

Q. No, you didn't; you signed for the moiety?—A. I also stated that had St. Germaine's name been on that receipt I would not have accepted this moiety.

Q. No, it would have given you away.

The CHAIRMAN: All right, Mr. Brien, you are discharged.

Mr. GAGNON: Mr. Chairman, I want to ask the witness some questions.

By Mr. Gagnon:

Q. Now, in the barge Tremblay affair, did you ever speak to Bisaillon about the consignment of liquor which was coming in on board the barge Tremblay?—A. Well, no, I had forbidden Duval to speak to Mr. Bisaillon about it, myself; as far as I am concerned I did not speak to Mr. Bisaillon.

Q. According to the information which you have about the barge Tremblay, did Bisaillon have anything to do with that business?—A. I do not think so, no.

Q. And you did not want him to have anything to do with the seizure, because you had forbidden Duval to speak to Bisaillon about it?—A. I do not think so.

Q. With regard to the barge Tremblay affair, Captain Perreault stated here that he saw in your hands a cheque for $40,000, endorsed by Bisaillon, is that true?—A. He saw some large figures which I never laid my eyes on. We were prisoners aboard the train and were in the custody of a detective, and he would not be in a position to state whether that is true or not, and afterwards when we reached Quebec, my pockets were searched, and had that cheque been there, it certainly would have been discovered.

Q. As a matter of fact, did you ever make out a cheque for $40,000 to Mr. Bisaillon?—A. No, never.

Q. Can you tell us what was the largest cheque you ever made out to Bisaillon when you were in business with him?—A. I believe it was a cheque for $2,500. The largest cheque, I think, to the best of my knowledge, which I would have made to the order of Bisaillon would be a cheque amounting to one-sixth of the $12,500.

By Hon. Mr. Stevens:

Q. Bisaillon admitted a cheque for $4,000?—A. It is possible I might have given a cheque for $4,000; that is to the best of my knowledge.

By Mr. Gagnon:

Q. What kind of business did you carry on in the name of J. E. Belisle?—A. This was a liquor business; we purchased liquor from wholesalers. As I stated yesterday, we purchased liquor from the wholesale merchant in Montreal as all authorized vendors used to do, such as the grocers used to do formerly: that is to say, liquor on which all the excise and customs duties had been paid.

Q. As a Customs Officer, did you have anything to do with the entering of that kind of goods into Canada?—A. No, sir, not in so far as the goods that were to be delivered into Montreal were concerned; I had something to do with the liquor which was arriving at the port, and which was sent to ports on the

Great Lakes, or to Ontario. I had to remanifest those goods. But the liquor which was to be delivered locally was not under my direction or jurisdiction; I had nothing whatever to do with that.

Q. You were not the Customs Officer who had to look after the liquor in the warehouses in Montreal when it arrived from Europe?—A. No, sir.

Q. Under the system of authorized vendors which prevailed in Quebec at one time, there were several large wholesale firms who acted as agents for liquor companies who were importing liquor; that liquor was sold through them to the authorized vendors?—A. Yes, to the wholesale merchants.

Q. In your own business, you had to deal with several importers?—A. Yes, sir, certainly.

Q. And you, just like an authorized vendor, have taken and removed liquor from those warehouses, without the importer or authorized vendor having anything to do with it?—A. I do not understand the sense of your question; I do not understand what you are driving at.

By Mr. Calder, K.C.:

Q. The authorized wholesale vendor did not have the exclusive right of sale, as the Quebec Liquor Commission has to-day, and the individual could purchase from the wholesale importer?—A. Certainly.

Q. It was the retail sale which was the exclusive privilege given to the authorized vendor?—A. It was the retail sale.

Mr. BELL: Pardon me, did Mr. Calder or Mr. Gagnon ask that question?

Mr. CALDER, K.C.: Mr. Gagnon had suggested that in the purchase of liquor from the wholesaler, the J. E. Belisle Company would have to have the co-operation of the authorized vendor. I put it to the witness that the authorized vendor, at that time, had not the exclusive wholesale privilege as now; the purchasing is now in the hands of the Quebec Liquor Commission. In those days anybody could go and buy in case lots from the wholesalers.

Mr. BELL: I appreciate that, but the interpreter did not state whether it was Mr. Calder who was speaking.

By Mr. Calder, K.C.:

Q. In 1920, did you, as Customs Officer, or as Excise Officer, have anything to do with the control of the liquor coming, or going out of the Customs warehouse?—A. No, sir.

Q. What was the approximate price which you paid for that liquor?—A. This varied according to the brand. Some cost $20, and other brands cost $40. The liquor business is something like the stock market; there are fluctuations. I recall having purchased five thousand cases of Imperial Rye at $28 and believing the price would go up to $32, and we were compelled to sell at $22.

By Hon. Mr. Stevens:

Q. Another transaction in which you lost?—A. That would explain some of the loss.

By Mr. Gagnon:

Q. Then, the injury which the Customs Department would have suffered in 1921, would be the time you took from your regular working hours to devote to the business?—A. I did not take any time off my regular working hours at the Department.

Q. Then, it could not affect in any way the duty which the Customs Department could receive on the goods you handled?—A. No.

By Hon. Mr. Stevens:

Q. I want to ask you one question. This man, J. E. Belisle's name has been bandied around before the Committee. You laugh, but it is no laughing matter. I want to ask you before you leave the stand, if you can give us, beyond what you did, in giving us the name of Mr. Gelinas, any further evidence that would enable us to locate J. E. Belisle?—A. To the best of my knowledge I did not give you Mr. Gelinas' name in connection with Belisle.

Q. As a partner, can you give us any further evidence?—A. I said all I knew; I answered all questions to the best of my ability.

Q. You do not know his address?—A. At present, no, sir.

Q. Did you ever see him after April 30, when the business was closed? —A. I do not recall whether I saw him again or not. I might have seen him a few days after April, 1921.

Hon. Mr. STEVENS: Mr. Chairman, I am going to ask if you will approve that the Royal Canadian Mounted Police be asked to make a precis of this file No. 24D24/3D/4, which is the file referring to the activities of J. E. Belisle, during 1923 and 1924. It may be that it will help us to solve this J. E. Belisle mystery. So if the Committee will approve I would ask that a precis be made and put in the evidence, and the proper officer present it in the stand.

Mr. BELL: I think it is a very good idea.

Witness discharged.

The CHAIRMAN: There is only left the matter of Mr. Gauthier, and I suppose that can be suspended until Mr. Duncalfe gets here.

Hon. Mr. STEVENS: Gauthier stays.

Mr. CALDER, K.C.: Does Gauthier stay in Ottawa?

Hon. Mr. STEVENS: Yes.

The Committee adjourned till Tuesday, May 25, at 10.30 a.m.

LUDGER BRIEN est rappelé.

Le PRÉSIDENT: Sous le serment que vous avez prêté.

Le TÉMOIN: Je voudrais que toutes les questions me soient traduites ce matin; cela m'a embêté un peu hier, monsieur le président.

L'hon. M. STEVENS: (Interprétation) C'est votre privilège.

Le TÉMOIN: Je comprends l'anglais, mais ce n'est pas comme ma langue maternelle et je ne saisis pas bien les nuances de certaines phrases qui me paraissent à double sens. Je les comprendrais mieux en français.

L'hon. M. Stevens:

Q. (Interprétation) Connaissez-vous le docteur Sproule?—R. J'ai connu un docteur Sproule.

Q. (Interprétation) Où demeurait-il?—R. Il demeurait à Montréal.

Q. (Interprétation) C'est un trafiquant bien connu dans les automobiles volées?—R. Je ne peux pas dire.

Q. (Interprétation) Quoi?—R. Je ne peux pas dire.

Q. (Interprétation) Avez-vous jamais eu quelque chose à faire avec le docteur Sproule au sujet d'une automobile Packard "touring", saisie le 23 mars 1925?—R. Le docteur Sproule était un client du garage. Il achetait sa gasoline, ses huiles, il faisait faire des réparations quelquefois au garage.

Q. (Interprétation) Vous rappelez-vous si le docteur Sproule a conduit chez vous une automobile portant le numéro d'engin 12876 et le numéro de série U 12683?—R. Je sais que le docteur Sproule possédait un coupé Packard, mais je n'ai jamais regardé les numéros de série, ni d'engin.

Q. (Interprétation) Vous avez subséquemment vendu l'automobile?—R. Je n'ai pas vendu d'automobile, moi, pour le docteur Sproule.

Q. (Interprétation) Vous rappelez-vous cet affidavit que vient de vous lire M. Stevens?—R. Je n'ai jamais eu connaissance de l'affidavit et ce n'est pas moi qui ai vendu à Lamoureux.

Q. (Interprétation) Vous n'avez pas vendu le char à Lamoureux?—R. Non, monsieur.

Q. (Interprétation) Lamoureux ne dit pas la vérité quand il affirme qu'il vous a payé $500 en acompte et qu'il vous a remis un chèque pour $375?—R. Lamoureux. . . La vente s'est faite par le docteur directement à Lamoureux, sans que j'y aie pris part. Je n'étais pas même présent. J'étais dans mon bureau et cela s'est fait en dehors du bureau; seulement, Lamoureux est venu me dire qu'il n'avait pas assez d'argent pour payer et que l'autre ne voulait pas prendre son chèque. Il m'a demandé si je l'obligerais en prenant son chèque, en le "cachant" et en remettant le lendemain ou plus tard, au docteur, la balance, le montant de ce chèque. Ce que j'ai fait. J'ai fait cela simplement pour obliger les deux parties. Je savais que Lamoureux était solvable.

Q. (Interprétation) Tantôt vous avez dit que vous étiez en dehors et que vous n'aviez rien eu à faire à la transaction. Maintenant vous dites que vous avez agi comme intermédiaire entre les deux individus?—R. Je ne dis pas que j'ai agi comme intermédiaire. Je dis que j'ai accepté de payer, pour Lamoureux, au docteur, le montant du chèque, quand je l'aurais eu de la banque. Cela ne veut pas dire que j'aie participé à la vente, cela.

Q. (Interprétation) N'avez-vous pas communiqué par téléphone longue distance à Ste-Agathe, avec Lamoureux, que vous aviez une automobile Packard à vendre?—R. Pas moi.

Q. (Interprétation) A qui cette automobile appartenait-elle?—R. Je ne sais pas.

Q. (Interprétation) Qu'avez-vous à dire de cette déclaration que vient de vous lire M. Stevens?—R. Je n'en ai jamais eu connaissance, de ces faits-là.

Q. (Interprétation) Vous jurez cela positivement?—R. Oui, monsieur.

Q. (Interprétation) C'est votre endos qu'il y a sur ce chèque?—R. Oui, monsieur.

Q. (Interprétation) Vous avez reçu le chèque?—R. Oui, je l'ai reçu pour en remettre le produit, comme je l'ai dit tout à l'heure. Je voudrais, monsieur le président, faire une déclaration: j'ai déjà vu ce chèque dans les mains de M. Knox, à Montréal, il n'y a pas bien longtemps. Il est venu chez moi un dimanche —il était venu plusieurs fois chez moi déjà pour avoir certaines informations qu'il prétendait que je pouvais donner—il avait ce chèque dans sa poche. Je ne sais pas si je devrais dire cela, mais, ce que je veux dire, c'est la vérité. Il m'a dit qu'il attendait pour prendre des procédures contre moi dans cette affaire-là pour voir ce que je ferais dans ce cas-ci, si j'étais prêt à aider des amis dans cette enquête. Il m'a montré le chèque, j'ai dit que j'étais toujours prêt à dire la vérité, toute la vérité. La preuve que M. Knox est bien venu chez nous: il est venu une fois que je n'y étais pas, il a laissé sa carte, que je vais vous donner. Il est revenu le dimanche, je partais pour aller à la messe au Gésu, alors j'ai dit: "Je n'ai pas bien le temps de vous parler". Je n'aimais pas bien bien cela non plus. Si vous voulez la carte que M. Knox a laissé à ma femme, la voici.

Le PRÉSIDENT: Produisez le chèque et ce petit billet comme exhibits 171 et 172.

Le TÉMOIN: Il m'a dit aussi qu'il avait vu le docteur Sproule et que le docteur Sproule—je vais me servir de son terme—avait "squealé", avait tout conté

l'affaire. J'ai dit: "Si vous la savez, je n'ai pas besoin de vous en dire. Je vais attendre d'être attaqué pour en parler, moi. "Il m'a dit bien d'autres choses que je dirai au besoin.

Q. (Interprétation) Vous dites que vous avez eu ce petit billet marqué 172 de votre femme?—R. Oui, monsieur.

Q. (Interprétation) Vous ne l'avez pas reçu vous-même?—R. Non, monsieur.

Q. (Interprétation) Vous n'étiez pas là quand elle l'a trouvé?—R. Elle ne l'a pas trouvé, c'est M. Knox qui lui a donné, qui l'a donné à elle ou à quelques-uns des enfants chez nous, quelqu'un de la famille. C'est le numéro de l'hôtel Windsor, du téléphone, je crois.

Q. (Interprétation) A qui avez-vous payé l'argent pour cette automobile? —R. Ce n'est pas pour l'automobile que j'ai payé l'argent: c'est le produit du chèque que j'ai remis.

Q. (Interprétation) Vous avez admis que vous aviez reçu $500. . .—R. Je n'ai pas admis cela, monsieur.

Q. (Interprétation) Il y a une minute vous avez admis que vous aviez reçu $500 comptant et un chèque de $375 de Lamoureux?—R. Je n'ai pas admis que j'avais reçu $500; ce n'est pas moi qui ai reçu $500.

Q. (Interprétation) Qu'est-ce que vous avez reçu? Avez-vous reçu le $500 "cash"?—R. Je n'ai pas reçu le $500 moi-même.

Q. (Interprétation) A qui Lamoureux a-t-il payé le $500?—R. Je ne le sais pas, je n'étais pas présent.

Q. (Interprétation) Vous avez dit il y a un instant que vous étiez présent quand il avait donné $500 "cash" et le chèque de $375?—R. Je n'ai pas dit cela.

Q. Vous avez reçu les $375?—R. J'ai dit qu'on était venu dans mon bureau me demander si je donnerais le produit de ce chèque, parce que Lamoureux n'avait pas le montant nécessaire en poche.

Q. (Interprétation) A qui avez-vous payé les $375?—R. Je les ai payés au docteur Sproule.

Q. (Interprétation Vous avez payé les $375 au docteur Sproule? Est-ce exact?—R. C'est cela.

Q. (Interprétation) Vous êtes certain de cela?—R. Oui, monsieur.

Q. (Interprétation) Vous jurez que vous avez payé le produit de ce chèque? —R. Je suis toujours sous serment ici.

Q. (Interprétation) Vous jurez que vous avez payé le produit de ce chèque, $375, au docteur Sproule?—R. Il ne doit pas me les avoir laissés, certain. Il doit les avoir collectés.

Q. (Interprétation) Qu'est-ce que vous avez fait de ces $375? Vous avez dit que vous les avez donnés au docteur Sproule. En avez-vous remis le produit au docteur Sproule?—R. Certainement.

Q. (Interprétation) Avez-vous encaissé ce chèque à la banque?—R. Je l'ai déposé pour le collecteur avant.

Q. (Interprétation) Vous avez donné votre propre chèque au docteur Sproule?—R. Non. Je crois que je lui ai remis cela en deux ou trois petits montants, en argent.

Q. (Interprétation) Quand avez-vous remis ces montants au docteur Sproule? —R. Dans les jours suivants, quand j'ai été sûr que le chèque était correct, que j'ai été payé.

Q. (Interprétation) Lui avez-vous donné cela en un montant, en deux ou trois montants?—R. Il me semble que je lui ai remis en deux montants ou trois montants, je ne pourrais pas jurer cela positivement.

Q. (Interprétation) Vous êtes sûr que vous avez payé tout le montant de $375 au docteur Sproule?—R. Oui, monsieur.

Q. (Interprétation) Le docteur Sproule était le propriétaire du char?—R. Je ne sais pas si c'était à lui, le char.

Q. (Interprétation) Et vous, comme gérant du garage, avez transféré l'automobile du docteur à Lamoureux et avez eu en mains une partie du prix d'achat, et vous l'avez remis au docteur Sproule?—R. Ce que j'ai remis, c'est le produit du chèque toujours.

Q. (Interprétation) Pourquoi l'avez-vous fractionné?—R. Pour gagner du temps, pour ne pas m'exposer à payer le montant sans avoir le retour de Ste-Agathe. C'est assez long, un chèque déposé avant que le retour vienne de Ste-Agathe. Je savais que Lamoureux était bon, mais je ne voulais pas prendre trop de chances.

Q. (Interprétation) Quand avez-vous déposé le chèque?—R. La date est là. La date est sur le chèque, la date de dépôt.

Q. (Interprétation) Ce n'est pas ce que je vous demande. Je demande quand vous avez déposé le chèque?—R. Je ne me rappelle pas si c'est le même jour ou le lendemain.

Q. (Interprétation) Pas plus tard que le jour suivant?—R. Je ne me rappelle pas cela.

Q. (Interprétation) Maintenant, la date du chèque est du 22 août 1924, au montant de $375, tiré sur la Banque Provinciale du Canada, signé par Lamoureux, fait à l'ordre de L. Brien et endossé L. Brien; en dessous Ludger Brien, "in trust", montrant que vous l'avez déposé à votre compte, "in trust". Où était-il ce compte?—R. A la banque qui est mentionnée là, Banque de Toronto.

Q. (Interprétation) Je suis informé que vous n'avez jamais payé ce montant au docteur Sproule mais que le docteur Sproule avait importé en contrebande cette automobile et que, par vous et grâce à votre connaissance, il a vendu cette automobile à Lamoureux, et que les $375 constituaient votre profit dans la transaction?—R. Non, monsieur.

Q. (Interprétation) C'est tout ce que vous avez à dire à ce sujet?—R. Oui, monsieur.

Q. (Interprétation) Avez-vous vu le frère de M. Lamoureux qui demeure à Montréal et lui avez-vous demandé de se servir de son influence avec l'auteur de ce chèque, et lui avez-vous demandé de ne pas prendre de procédures contre vous pour le recouvrement de cette somme-là?—R. Non.

Q. (Interprétation) Vous êtes bien certain de cela?—R. Oui.

Q. (Interprétation) A quelle époque avez-vous terminé le commerce sous le nom de J. E. Bélisle?—R. A la date que la Commission des Liqueurs est entrée en vigueur.

Q. (Interprétation) M. Bisaillon nous a dit, à plusieurs reprises, que c'était vers le 30 avril 1921 que la firme avait terminé ses affaires, que vous faisiez avant?—R. Autour de là.

Q. (Interprétation) Tous les dépôts de cette compagnie furent faits à votre nom?—R. En tant que je me rappelle, oui.

Q. (Interprétation) M. Gélinas a payé le montant de $15,000 qui avait été soutiré à la banque?—R. A peu près. Je ne me rappelle pas le montant exact qu'il a payé. Il pourrait vous le dire, vous l'avez assigné.

Q. (Interprétation) M. Gélinas a réglé ce compte-là?—R. Il m'a donné un chèque pour couvrir le déficit à la banque.

M. BELL: The witness said yesterday, it was approximately $14,000 or $15,000, the overdraft?

Le TÉMOIN: Je pense que c'est plus que cela.

L'hon. M. Stevens:

Q. You started another trust account, or is this the same trust account?—R. C'est longtemps après; ça, c'est à la Banque de Toronto; l'autre, c'est à la Banque d'Hochelaga.

Q. (Interprétation) Vous faites toujours vos affaires de cette manière-là?—R. Je n'en ai plus du tout de compte.

Q. (Interprétation) Vous avez juré hier que vous n'avez pas fait d'autres transactions de liqueurs après cette date-là?—R. Oui.

Q. (Interprétation) C'est correct?—R. En Canada.

(L'hon. M. Stevens fait une observation qui n'est pas interprétée au témoin).

Le TÉMOIN: Vous êtes chargé de faire une enquête pour les Etats-Unis aussi?

L'hon. M. Stevens:

Q. Do not get facetious. Have you been living in Canada since?—R. Non. J'ai été aux Etats-Unis en une certaine occasion.

Q. (Interprétation) Vous demeurez au Canada; combien de temps avez-vous été absent?—R. Je ne me rappelle pas au juste. J'ai été une quinzaine de jours à New-York.

Q. (Interprétation) Mais, vous avez demeuré au Canada, votre commerce a été dirigé en Canada?—R. Non, c'est une autre affaire "alltogether" comme on dit en anglais.

Q. (Interprétation) De quoi s'agit-il dans cette autre affaire?—R. C'était une importation de liqueurs à New-York par un certain syndicat dont il a été question au Comité des comptes publics à Québec.

M. Calder, C.R.:

Q. Un syndicat belge?—R. Non, canadien.

Q. Cette liqueur a-t-elle été importée de Belgique?—R. Non, c'était importé d'Ecosse, celle-là.

L'hon. M. Stevens:

Q. (Interprétation) Quels étaient les membres de ce syndicat?—R. Ce n'est pas nécessaire, ça ne regarde pas la contrebande en Canada du tout. Ça va amener des noms de gens que je ne veux pas traîner ici. Je jure qu'il n'y a pas eu de contrebande faite en Canada dans ce cas-là. C'est un syndicat pour importation de marchandises aux Etats-Unis. Je sais que vous avez autorité de me faire donner des noms, seulement je dis que ça n'a aucune affaire avec le Canada; ce n'était pas de la contrebande pour être faite en Canada. Vous êtes maîtres, si vous voulez me faire nommer ces gens, je vais les nommer. Le dossier de l'enquête à ce sujet est au Comité des comptes publics, à Québec. C'est un volume de cette grosseur. (Indiquant).

Q. (Interprétation) Vous dites, qu'en tant qu'il s'agit du Canada, vous avez cessé vos transactions dans les spiritueux le 30 avril 1921?—R. Dans le cours de cette saison-là, oui.

Q. (Interprétation) Et que J. E. Bélisle et Cie n'ont pas fait d'autres transactions de liqueurs après cette date?—R. Ils n'ont pas fait d'achats après cette date, certain.

Q. (Interprétation) La compagnie a-t-elle fait des ventes?—R. Je ne me rappelle pas en avoir fait.

Q. (Interprétation) Avez-vous jamais entendu parler du nom de Health Pharmacy Products, à Montréal?—R. Non.

Q. (Interprétation) Je suis informé que le groupe faisant affaires sous le nom de J. E. Bélisle faisait aussi affaires sous le nom de Health Pharmacy Products?—R. Pas notre Bélisle à nous autres.

(M. Bell pose une question au témoin en langue anglaise et ce dernier répond en anglais.)

L'hon. M. Stevens:

Q. That J. E. Belisle operated as the Health Pharmacy Products in the year 1923?—R. Pas à ma connaissance.

Q. Not to your knowledge?—R. Je ne l'ai jamais revu après 1921.

Q. Did you ever see him before?—R. Oui, je l'ai dit hier.

Q. (Interprétation) Vous ne l'avez jamais dit bien positivement encore.—R. J'ai dit ce que je savais.

Q. There was a permit taken for the transfer of 3736.26 proof gallons of liquor from the Examining Warehouse in Quebec to the Health Pharmacy Products at Montreal, with a bond for $10,879 put up. Do you know anything about that?—R. Je ne connais rien de ça.

Q. This was done through the famous J. E. Bélisle?—R. Je ne connais rien de ça.

Q. (Interprétation) Bien certain?—R. Je suis certain de ne rien connaître de ça. Il n'y a pas seulement un chien qui s'appelle Pataud; il y a un Ludger Brien qui est mort il y a quelque temps, il n'a rien à faire avec moi.

Q. (Interprétation) Que faisiez-vous en 1922 et 1923?—R. En 1922, j'ai organisé la "United Auto Supply Co. Ltd." dans laquelle j'ai perdu $28,000.

Q. (Interprétation) Avez-vous placé $28,000 dans cette compagnie?—R. Oui.

Q. Well, you told us yesterday that when you closed the J. E. Bélisle Company, you had lost so much money that Mr. Gélinas had to put up $15,000 to pay the overdraft in the bank; that is correct, is it not?—R. Dans cette affaire-là, oui.

Q. Where did you get the money to put $28,000, the next year into the automobile business?—R. Si vous voulez consulter le rôle de la ville de Montréal, vous verrez qu'en 1909 j'avais des propriétés; en 1912 et en 1913, j'en ai racheté, en 1916 j'en ai racheté. En 1920, je calcule que je ne valais pas grand'chose, peut-être une vingtaine de mille piastres.

Q. M. Brien, my information is that you have been interseted in the liquor business. The illegal liquor business liquor smuggling, perhaps not as a principal but as a subordinate, during this period?—R. Quelle période?

Q. Since the J. E. Belisle Company closed down in 1921, and right up to and including the barge *Tremblay* incident?—R. Je n'ai jamais importé un gallon, ni une bouteille de liqueur, ni exporté.

Q. Just now you told us you were not in the liquor business in Canada, but you were in the export business or the liquor business out of Canada?—R. Il y a eu des tentatives d'entrer de la marchandise aux Etats-Unis, ça n'a pas bien réussi.

Q. (Interprétation) Qu'avez-vous fait de la marchandise?—R. Elle est restée là.

Q. Are they still there?—R. Je ne pense pas.

Q. What did you do with them?—R. C'est ce que je vous ai dit, c'est tout ce qui a été dit à Québec. Vous avez décidé de laisser ça là pour le moment... Ça va être bien long, si je fais l'historique de cette affaire-là. Il y en a ça d'épais (Indiquant), c'est l'enquête qu'il y a eu à Québec.

Q. You are not very clear Mr. Brien? You say you tried to export some liquor to the United States, but it failed, I ask you where that liquor is, is it still where it was?—R. Je n'ai pas dit que j'avais essayé d'en exporter. J'ai dit que j'avais fait parti d'un syndicat qui a fait une tentative d'en entrer aux Etats-Unis, mais qui n'a pas réussi.

Q. (Interprétation) Quels étaient les membres de ce syndicat?—R. Vous voulez les savoir absolument?

Q. (Interprétation) Oui, tous les noms.—R. Il y avait un M. Lavallée.

Q. (Interprétation) Les prénoms?—R. Je ne me rappelle pas son prénom. Il demeurait à Saint-Jean, Qué., dans le temps.

Q. (Interprétation) Donnez les noms et occupation.—R. M. Lavallée était un ancien gérant de manufacture, à Saint-Jean. Je répète encore qu'il n'y a pas eu rien à faire avec la contrebande en Canada. Il y avait M. Albert Brosseau.

M. Calder, C.R.:

Q. Occupations et adresses.—R. Albert Brosseau, dans le temps était bourgeois. Il demeure à Montréal Nord.

L'hon. M. Stevens:

Q. (Interprétation) Connaissez-vous son adresse?—R. Il demeure là encore.

Q. (Interprétation) Son nom est-il dans le livre de téléphone?—R. Il doit y être.

Q. (Interprétation) Ensuite?—R. Il y avait M. Narcisse Lord, de Saint-Jean.

Q. (Interprétation) Son occupation?—R. Il est bourgeois et ancien marchand.

Q. (Interprétation) Vit-il à Saint-Jean, maintenant?—R. Je crois que oui.

Q. (Interprétation) Le suivant?—R. Il y avait moi-même.

Q. (Interprétation) Ensuite?—R. Il y avait un M. Nelligan.

Q. (Interprétation) Son premier nom?—R. R. J.

Q. (Interprétation) Son adresse?—R. Je ne pourrais pas dire. Il demeure, je crois, sur la rue Hutchison; je ne suis pas sûr.

Q. (Interprétation) A Montréal?—R. A Montréal.

Q. (Interprétation) Les autres?—R. C'était tous ceux qui ont fait parti du syndicat pour l'achat d'un vaisseau.

Q. (Interprétation) Y en avait-il d'autres qui avaient quelque chose à faire avec l'achat de la boisson?—R. Non. L'achat de la boisson, je n'y ai pas pris part; ce sont les gens qu'on avait délégués l'autre côté de l'océan qui y ont pris part seulement.

Q. (Interprétation) Leur nom?—R. Albert Brosseau et M. Lavallée.

Q. (Interprétation) De qui ont-ils acheté cette boisson l'autre côté?—R. Est-ce bien nécesaire? Il n'y a pas eu de contrebande en Canada. Monsieur le Président, c'est effrayant! Je n'ai pas de leçon à donner au Comité, il me semble que c'est de l'enfantillage que d'amener des affaires concernant les Etats-Unis. . . J'ai dit qu'il n'y a pas eu une seule goutte d'amenée ici.

Q. We will judge of the chidishness, Mr. Brien. We want the names of the parties from whom this liquor was purchased?—R. Je ne me rappelle pas. Ç'a été tout dit. Les copies des contrats ont été produites à Québec, elles sont encore là.

Q. In the absence of these papers, give us from your own knowledge, as fully as you can, from whom this liquor was purchased?—R. Je vous dis que je ne me rappelle pas le nom des gens. Vous allez trouver cela dans le rapport de l'enquête, à Québec. Vous allez avoir là tout l'historique.

Q. (Interprétation) Où demeuraient-ils?—R. L'autre côté, en Angleterre ou en Ecosse, je crois.

Q. (Interprétation) Quel était le nom du vaisseau qui a été nolisé?—R. Ce n'est pas moi qui l'ai "charté".

Q. (Interprétation) Quel est son nom?—R. Je crois que c'est *Istar*.

Q. (Interprétation) A quel endroit ce navire a-t-il été nolisé?—R. Je ne me rappelle pas ces faits. Ç'a tout été produit là-bas, je n'ai jamais revu ces papiers-là.

Q. (Interprétation) A-t-il été nolisé à Montréal?—R. Non, ç'a été "charté" par M. Brosseau et M. Lavallée lors de leur voyage en Angleterre.

Q. (Interprétation) Ont-ils nolisé ce navire en Angleterre?—R. Je crois que oui.

Q. The records you say will show from whom the liquor was purchased?—R. Je pense que oui.

Q. (Interprétation) Quelle sorte de boisson était-ce?—R. I believe it was good old Scotch.

Q. You say that you failed to get entry to the United States with this liquor?—R. Oui.

Q. (Interprétation) Qu'avez-vous fait de la boisson?—R. Ceux qui l'avaient vendu l'ont gardée.

Q. (Interprétation) Qui a payé pour cette expédition de boisson?—R. Il y avait eu, je crois, un dépôt de $28,000 ou $32,000 fait—je ne me rappelle pas le montant—c'était sept mille livres sterling.

Q. (Interprétation) Votre syndicat a fait un dépôt d'environ $28,000?—R. M. Brosseau ou M. Lavallée ont fait un dépôt d'environ $28,000, sept mille livres sterling.

Q. (Interprétation) Ont-ils perdu tout ce dépôt-là?—R. Je crois que oui.

Q. (Interprétation) Avez-vous dit que le navire s'appelait *Istar*, I-S-T-A-R?—R. C'est ce que j'ai dit.

Q. Now Mr. Brien what I would like to know is what became of that liquor?—R. Je ne sais pas qui a eu le dépôt. Ils en ont disposé, je ne sais de quelle manière. On est revenu avec notre petit bonheur, "minus" $28,000.

Q. (Interprétation) Ceux qui ont nolisé ce navire étaient tous des Canadiens?—R. Je crois que oui.

Q. (Interprétation) Quelle somme avez-vous contribuée dans cette entreprise?—R. J'ai mis $3,000 ou $4,000 que j'ai empruntés de ma mère.

Q. (Interprétation) A quelle date était-ce?—R. A la date de la transaction; je ne me rappelle pas la date; je crois que c'est en décembre 1922, ou janvier 1923.

Q. That would be about the same time as J. E. Belisle was operating under a new nomenclature, the Health Pharmacy Products; was there any chance of that liquor coming in Canada through J. B. Belisle?—R. Ce n'est pas probable que, par New-York, on aurait pris ces moyens d'entrer des liqueurs en Canada.

Q. (Interprétation) Avez-vous importé ces boissons en Canada?—R. J'ai dit ce qui a été fait de ces liqueurs: qu'elles sont restées en mer.

Q. Is it still there?—R. Il faudrait aller voir.

Q. You are leaving the whole matter at sea, apparently. Well, a brief summarization of that is that several other Canadians already named here and yourself chartered a vessel, paid up some $28,000, purchased liquor in the old country, and that cargo you say was destined to New York. Up to that point I am correct, am I not?—R. Ça m'a l'air correct.

Q. You failed to get entry into the United States or into New York, with this liquor, that is correct?—R. Ça m'a l'air correct.

Q. All you can tell us now about the disposition of the liquor owned by the Canadian Syndicate is it stayed at sea; is that your last word?—R. J'ai dit qu'on a cancellé notre commande et gardé le dépôt qui avait été fait, on s'en est revenu avec notre petite valise à Montréal. Ce qu'ils ont fait de la marchandise après, je ne le sais pas. J'aurais aimé mieux en disposer, que le syndicat en aurait disposé, on aurait entré dans nos fonds. Je ne sais pas ce qu'ils en ont fait, eux, après. Je suppose qu'ils l'ont vendue ou rapportée en Angleterre. Je ne sais pas, je ne puis pas dire.

Q. (Interprétation) Etait-ce leur propre argent qu'ils avaient mis dans cette entreprise-là?—R. Ah, je ne le sais pas, moi. Je sais où j'ai pris le mien, je ne sais pas où ils ont pris le leur.

Q. (Interprétation) Avez-vous transigé avec M. Gélinas en 1924?—R. Non, monsieur.

Q. (Interprétation) Quand vous étiez dans le commerce des liqueurs et que vous étiez encore à cette époque douanier, vous aviez plusieurs clients à Montréal?—R. Je ne m'en rappelle pas. Je ne me rappelle pas de clients à Montréal. On a pu faire quelques petites ventes à des amis.

Q. (Interprétation) Quels clients aviez-vous parmi les gens qui avaient quelque chose à faire ou qui étaient dans le département des Douanes?—R. Je ne me rappelle d'aucun.

Q. (Interprétation) Avez-vous vendu des liqueurs à vos officiers supérieurs? —R. Non, monsieur.

Q. (Interprétation) Jamais?—R. Non, monsieur.

Q. (Interprétation) Maintenant, en rapport à la barge *Tremblay*, quel intérêt aviez-vous dans cette cargaison-là?—R. Je n'avais aucun intérêt.

Q. (Interprétation) Quelle somme avez-vous reçue pour avoir présenté Hearn et Neill à M. Perreault et au capitaine Symon?—R. Je me suis fait arrêter et j'ai été accusé d'être un complice des Américains.

(L'honorable M. Stevens pose quelques questions en langue anglaise, auxquelles le témoin répond dans la même langue.)

Q. (Interprétation) C'est vous qui avez conduit Hearn et Neill chez le capitaine Perreault?—R. Il me semble que oui.

Q. (Interprétation) C'était avant que le voyage soit fixé?—R. Oui, monsieur.

Q. (Interprétation) Comme conséquence de la présentation de ces individus, le capitaine Tremblay a conclu un arrangement pour le nolisement du navire?—R. Quand j'ai présenté Neill au capitaine Perreault, c'est au début, c'est au commencement de septembre ou à la fin d'août. Il n'était pas question d'affaire comme cela du tout. Il n'était pas question de boisson dans ce temps-là, ni rien.

Q. (Interprétation) Comme question de fait, c'est vous qui avez introduit Neill et Hearn au capitaine Perreault, n'est-ce pas?—R. Je sais que j'ai présenté Neill, je ne me rappelle pas clairement si Hearn y était. Il me semble qu'il y était.

Q. (Interprétation) Et Neill et Hearn étaient intéressés dans cette cargaison, qui, plus tard, a été saisie?—R. Je ne sais pas si Hearn était intéressé. Je n'ai jamais dit que Hearn était intéressé.

Q. (Interprétation) Neill n'était-il pas intéressé?—R. Ça m'a bien l'air à cela.

Q. (Interprétation) Vous et Duval êtes allés à St-Sulpice?—R. Je l'ai dit déjà.

Q. (Interprétation) Vous jurez maintenant que vous n'aviez aucun intérêt dans cette cargaison?—R. Je jure que je n'avais aucun intérêt financier, parce que je vous garantis que mes finances étaient courtes.

Q. (Interprétation) Pourquoi n'avez-vous pas dit à Duval que c'était la barge *Tremblay* qui remontait la rivière?—R. Parce que je ne me rappelle pas si je lui ai dit le soir de la saisie ou si je ne lui ai pas dit. Je ne pouvais pas lui dire avant, je ne le savais pas moi-même. Je l'ai su rien que la journée ou la veille, que c'était pour être la barge *Tremblay*, autour de là. Duval était parti pour Rock-Island depuis une dizaine de jours. Je ne l'avais pas revu, Duval, depuis.

Q. (Interprétation) Demandez-vous à ce Comité de croire qu'il n'y avait aucun lien ou rapport entre votre arrangement avec Neill et le propriétaire de cette boisson, pour rencontrer le capitaine Perreault, par l'entremise duquel le nolisement fut effectué, et votre conduite comme dénonciateur en faisant effectuer la saisie de cette cargaison-là, de cette boisson-là par Bisaillon, qui par le fait même retirait cette boisson de la Commission des Liqueurs?—R. Je ne demande au Comité de croire rien. Je rends témoignage simplement.

Q. (Interprétation) C'est tout ce que vous avez à dire à ce sujet?—R. Je ne savais pas. Je n'ai pas donné mon information à Bisaillon, moi, non plus.

M. Donaghy:

Q. (Interprétation) En quelle année avez-vous rencontré pour la première fois cet individu qui était intéressé dans le navire *Istar?*—R. En 1920, je crois, 1919.

Q. (Interprétation) Etait-ce la première fois que vous le connaissiez?—R. Oui, monsieur. Je l'ai connu quand je suis allé demeurer à Montréal-Nord, je ne me rappelle pas de l'année; je crois que c'est en 1919.

Q. (Interprétation) Que faisait-il à cette époque?—R. Il était bourgeois. Il était maire de Montréal-Nord.

Q. (Interprétation) A cette époque-là?—R. Oui, monsieur.

Q. (Interprétation) Quand vous l'avez rencontré pour la première fois? —R. Oui, monsieur.

Q. (Interprétation) Est-ce qu'ils vous ont jamais dit ce qui avait été fait avec la boisson, comment on avait disposé de la boisson?—R. Ç'a été connu plus tard que les Européens ont tout gardé, ont gardé le dépôt. Ils ont dû en disposer, eux, ou la rapporter, je ne saurais le dire.

Q. (Interprétation) Cela ne peut être exact. Est-ce que cet homme Brosseau s'est rendu en Angleterre avant d'acheter cette boisson?—R. Oui, monsieur.

Q. (Interprétation) Combien de temps avant?—R. Si je me rappelle bien, il était parti pour l'Angleterre vers la fin d'octobre ou le commencement de novembre.

Q. (Interprétation) Avait-il été en Angleterre pendant la guerre?—R. Je crois qu'il a été en Europe prendre le vote des soldats.

Q. (Interprétation) Pendant la guerre?—R. Oui, quand les soldats étaient là.

Q. (Interprétation) Ce syndicat a acheté la boisson et l'a payée?—R. Bien non; on avait déposé 7,000 livres sterling.

Q. (Interprétation) Est-ce que ce dépôt ne constituait pas le plein montant de l'achat?—R. Non, pas pour 20,000 caisses de scotch.

Q. (Interprétation) Alors, croyez-vous que les gens d'Angleterre qui vous vendaient cette boisson l'ont rapportée en Angleterre?—R. Ce n'est pas mon idée, non, mais ce n'est pas ma nature de dire ce que je ne sais pas.

Q. (Interprétation) Quelle est votre opinion sur le fait de savoir si cette boisson a été amenée en Canada?—R. Je suis bien certain qu'elle ne l'a pas été.

Q. (Interprétation) Qu'est-ce qui vous fait croire qu'elle n'était pas apportée en Canada?—R. Parce que c'était en hiver et que la rivière St-Laurent n'est pas navigable en hiver.

Q. (Interprétation) Vous êtes d'opinion que cette cargaison n'a pas été déposée quelque part sur la côte de l'Atlantique, soit en Nouvelle-Ecosse?—R. Je n'étais pas à bord. Je ne sais pas ce que les Anglais ont fait avec.

Q. (Interprétation) Qu'est-ce que Brosseau vous a dit au sujet de la disposition de la boisson?—R. Ce que j'ai dit: qu'on avait perdu notre dépôt.

M. Bell:

Q. (Interprétation) Je voudrais savoir,—vous êtes le princiapl intéressé dans ce commerce qui a été conduit sous le nom de J. E. Bélisle—vous nous avez dit que c'est vous qui signiez les chèques et que Bisaillon a retiré $69,000 comme produit de son placement d'un sixième dans l'espace de trois ans.—R. J'ai dit, moi, que Bisaillon avait retiré $69,000?

Q. (Interprétation) En regardant le dossier, le 12 mai Bisaillon a juré devant le comité, qu'il avait retiré $69,000 comme sa part dans l'entreprise J. E. Bélisle, et que sa part était de $69,000; je voudrais que vous disiez quels étaient les principaux intéressés dans cette entreprise?—R. Bisaillon n'a certainement pas reçu le cinquième de $69,000.

L'hon. M. Stevens:

Q. Just one or two questions, and I will conclude. I have been summarizing your evidence; you went into the Belisle Liquor Company, which resulted in a loss of $15,000, which was paid by Mr. Gélinas; that is correct, is it not?—R. Je n'ai pas dit que c'était une perte. J'ai dit qu'il avait été obligé de combler ce qu'on devait à la banque à la date de la fermeture du compte.

Q. Then you went into the liquor syndicate for smuggling liquor into the States, with three or four other Canadians, resulting in a loss of $28,000; that is correct, is it not?—R. Pas pour moi, le $28,000; pour le syndicat.

Q. It was lost by the syndicate. Then you organized an auto company, and you say you lost $28,000 in that; that is correct, is it not?—R. J'avais $28,000 de parts et la compagnie à fait faillite, alors les parts ne valaient pas cinq cents. C'est une perte de $28,000.

Q. Then in connection with the barge *Tremblay* involving the effort to smuggle into Canada liquor which should have paid a revenue of $240,000; you introduced the owner of the cargo to certain parties, to Captain Perreault, referred to in the making of the chartering party; and you later acted as informant in this thing, which resulted in the seizure of the barge; that is correct, isn't it?—R. Je ne comprends pas cela.

Q. (Interprétation) Et plus tard vous avez agi comme dénonciateur dans cette affaire qui a été la cause de la saisie de cette barge?—R. Aux douanes, oui.

Q. (Interprétation) Et vous admettez aussi avoir vendu à votre beau-frère une automobile importée en contrebande, qui a été saisie subséquemment, à la suite d'une dénonciation, et la récompense du dénonciateur vous fut payée?—R. J'ai dit hier que ce n'était pas mon beau-frère.

Q. Is not St-Germain your brother-in-law?—R. Non. J'ai dit que j'avais vendu le char, mais j'ai dit que je n'avais pas donné l'information.

Q. (Interprétation) Est-ce vous qui avez reçu la récompense?—R. J'ai dit qu'il a pu y avoir une erreur.

Q. (Interprétation) Non, vous avez dit que vous aviez reçu la récompense. —R. Mais j'ai dit aussi que le nom de St-Germain, s'il avait été sur le reçu, je ne l'aurais pas accepté.

Q. (Interprétation) Non, cela vous aurait exposé.

M. Oscar Gagnon:

Q. Dans l'affaire de la barge *Tremblay*, est-ce que vous avez déjà parlé à Bisaillon de la consignation de liqueur qui s'en venait à bord de la barge *Tremblay*?—R. Bien non. J'ai défendu à Duval de lui en parler. Je ne lui en ai pas parlé moi-même.

Q. D'après les renseignements que vous avez sur l'affaire de la barge *Tremblay*, Bisaillon avait-il quelque chose à faire avec cette affaire-là?—R. Non, je ne pense pas; ah non.

Q. Et vous ne vouliez pas qu'il ait rien à faire avec la saisie non plus?—R. Je ne pense pas.

Q. Relativement à l'affaire de la barge *Tremblay*, le capitaine Perreault a dit ici qu'il avait vu en votre possession un chèque de $40,000, endossé par Bisaillon; est-ce vrai?—R. Il a vu des gros chiffres que je n'ai jamais vus moi-même. Nous étions prisonniers sur le train, en compagnie d'un détective qui pourrait vous dire si c'est vrai ou non, ces choses-là. Ensuite, quand je suis arrivé à Québec, on m'a fait mes poches, comme on dit en canadien. On a tout pris ce que j'avais dans mes poches, et s'il y avait eu un chèque comme cela, on l'aurait trouvé dans mes poches.

Q. Comme question de fait, avez-vous jamais donné un chèque de $40,000 à M. Bisaillon?—R. Jamais de la vie.

Q. Pouvez-vous nous dire quel est le plus gros chèque que vous avez fait à son ordre quand vous étiez en affaires avec lui sous le nom de Bélisle?—R.

$2,500, je crois. Le plus gros chèque, au meilleur de ma connaissance, serait un-sixième de $12,500.

L'hon. M. Stevens:

Q. (Interprétation) Bisaillon a admis un chèque de $4,000?—R. Cela se peut que j'aie donné un chèque de $4,000. Je dis que c'est au meilleur de ma connaissance.

M. Gagnon:

Q. Ce commerce que vous faisiez, sous le nom de Bélisle, consistait en quoi? —R. Consistait en liqueurs que nous achetions comme je l'ai dit hier, des marchands de gros de Montréal, comme achetaient des marchands de gros tous les vendeurs autorisés du temps, et comme achetaient auparavant les épiciers. C'est-à-dire la liqueur sur laquelle les droits de douane et d'accise avaient été entièrement payés.

Q. Comme officier de douane, est-ce que vous aviez affaire à l'entrée de cette marchandise-là au Canada?—R. Non, monsieur, pas pour ce qui était pour la livraison locale à Montréal. J'avais affaire à de la marchandise qui passait dans le port, qui arrivait et qui s'en allait dans les ports, comme je l'ai dit encore hier, de l'Ontario, des grands lacs, pour "remanifester" cette marchandise-là, mais celle qui était livrée localement à Montréal n'était pas sous ma surveillance du tout. Je n'avais rien à faire avec cela.

Q. Vous n'étiez pas officier préposé aux entrepôts dans lesquels cette boisson était mise, quand cette boisson arrivait d'Europe?—R. Non.

Q. Et sous le système de vendeurs autorisés, tel qu'il existait dans la province de Québec, il y avait plusieurs maisons de gros qui étaient les agents de compagnies d'importation de boissons; c'était par eux que cette boisson était vendue aux vendeurs autorisés?—R. C'était par les marchands de gros.

Q. Et, nécessairement, vous aviez à transiger avec plusieurs maisons d'importation, dans votre commerce?—R. Certainement.

Q. Vous aurait-il été possible, comme un vendeur autorisé, de sortir de la boisson de ces entrepôts-là, sans que l'importateur et le vendeur autorisé y aient contribué eux-mêmes?—R. Je ne comprends pas bien le sens de votre question, monsieur Gagnon, je ne sais pas où vous voulez en venir avec ça.

M. Calder, C.R.:

Q. Le vendeur autorisé n'avait pas la vente exclusive, en gros, comme l'a aujourd'hui la Commission des liqueurs?—R. Non.

Q. Un particulier pouvait acheter de l'importateur en gros?—R. Certainement.

Q. C'était la vente au détail qui était le privilège exclusif des vendeurs autorisés?—R. C'était la vente au détail.

M. Gagnon:

Q. Ce que je veux savoir de vous c'est s'il aurait été possible que vous auriez pu transiger dans la boisson qui serait entrée au pays sans payer de droits, en faisant affaires par l'intermédiaire des maisons de gros ou d'autres personnes?—R. Non.

Q. Je n'ai qu'une autre question à vous poser, monsieur Brien: en 1920, étiez-vous préposé, soit comme officier d'accise ou de douane, à contrôler l'importation, l'entrée ou la sortie de cette boisson-là des entrepôts?—R. Non.

Q. Quel était le prix approximatif que vous payiez pour ces boissons-là?—R. Ça dépendait de la marchandise. Il y avait de la marchandise qui se vendait dans les $20, d'autres dans les $40, ça dépendait de la qualité. Je me rappelle avoir acheté—c'est comme à la bourse dans le commerce des liqueurs, il y a

des hauts et des bas—je me rappelle avoir acheté 5,000 caisses d'Imperial Rye à $28, pensant qu'elles monteraient à $32. On a été obligé de les vendre à $22. Ça ne payait pas le diable.

(L'honorable M. Stevens pose une question en anglais à laquelle le témoin répond dans la même langue.)

M. Gagnon:

Q. De votre commerce de liqueurs, en 1921, le préjudice pour le département des Douanes aurait été le temps que vous auriez pris du département des Douanes?—R. Je n'en ai pas pris, de temps du département des Douanes.

Q. Ça ne pouvait pas affecter en aucune manière les droits que le département des Douanes pouvait recevoir sur cette marchandise sur laquelle vous transigiez?—R. Non.

L'hon. M. Stevens:

Q. I want to ask you one question. This man, J. E. Belisle's name has been bandied around before the Committee. You laugh, but it is no laughing matter. I want to ask you before you leave the stand, if you can give us, beyond what you did, in giving us the name of Mr. Gelinas, any further evidence that would enable us to locate J. E. Belisle?—R. Je ne vous ai pas donné le nom de Gélinas en rapport avec Bélisle, au meilleur de ma connaissance.

Q. As a partner, can you give us any further evidence?—R. J'ai tout dit ce que je savais, j'ai répondu à toutes les questions posées.

Q. You do not know his address?—R. Dans le moment, non.

Q. (Interprétation) L'avez-vous jamais vu après le 30 avril 1921, quand la compagnie a cessé de faire affaires?—R. Je ne me rappelle pas si je l'ai vu ou pas vu. Il y a bien longtemps. . . Après le 30, je l'ai peut-être vu, quelques jours après.

Le témoin est congédié.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 52—FRIDAY, MAY 21, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESS:

Mr. Ludger Brien, Ex-Customs Preventive Officer, Montreal, Que.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1926

EXHIBITS FILED

No. 171—Bank cheque dated 22nd August, 1924, drawn on Provincial Bank of Canada, St. Agathe, Que., to order of L. Brien for $375.00, signed by Lamoureux & Freres.

No. 172—Small piece of an envelope, bearing words " Main 7114 Mr. Knox".

MINUTES OF PROCEEDINGS

FRIDAY, 21st May, 1926.

The Committee met at 10.30 a.m., Mr. Mercier, the Chairman, presiding.

Present: Messrs. Bell, Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Père and Stevens—8.

Committee counsel present: Messrs. Calder and Tighe.

The minutes of yesterday's meeting were read and adopted.

Moved by Hon. Mr. Stevens,—That Alberic Gelinas of Montreal, be summoned to appear as a witness before this Committee on Tuesday next.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That H. G. Duncalfe of Rock Island, be summoned to attend on this Committee and to produce all the books and records of the R. & G. Company, or of the firm of Gauthier & Duncalfe, on Tuesday next, May 25th.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the following be summoned for Tuesday, 25th May, 1926, at 10.30 a.m.

1. Matt Barry, 676 Notre Dame street west, Montreal.
2. Philippe Mouette, 71a St. James street, Montreal,

the latter to bring with him all his records in connection with the prosecution of Miss Lortie and Miss St. George on a charge of possession of narcotic drugs.

Motion agreed to.

Mr. Ludger Brien, Ex-Customs Preventive Officer, Montreal, Quebec, was recalled and examined respecting,—

1. Smuggling of automobiles,
2. Smuggling of liquor,
3. Liquor dealing,
4. Barge Tremblay seizure.

During the examination, there were filed,—

Exhibit No. 171—Bank cheque dated 22nd August, 1924, drawn on Provincial Bank of Canada, St. Agathe, Quebec, to order of L. Brien for $375, signed by Lamoureux & Freres.

Exhibit No. 172—Small piece of an envelope, bearing words "Main 7114 Mr. Knox."

Witness discharged.

The Committee adjourned until Tuesday, 25th May, at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE.

FRIDAY, May 21, 1926.

The Special Committee appointed to investigate the administration of the Department of Customs and Excise, and charges relating thereto, met at 10.30 a.m., the Chairman, Mr. Mercier, presiding.

LUDGER BRIEN recalled.

By the Chairman:

Q. Mr. Brien, you are under the oath already taken?—A. Yes, sir.

By Hon. Mr. Stevens:

Q. Mr. Brien, do you know Dr. Sproule?—A. I would request that all questions be put to me in French to-day. I was somewhat confused yesterday by the questions put in English.

Q. That is your privilege, Mr. Brien, but you would help the Committee a great deal if you were to allow us to conduct the examination in English. I know you understand English very, very well. However, if you insist upon it being in French, we will meet your wishes.—A. I understand English, but not like my mother-tongue, and I do not quite grasp the shadings between certain sentences.

(Examination conducted in English; answers being given in French and translated by Mr. Beauchamp, the Official Interpreter).

Q. Do you know Dr. Sproule?—A. I knew a Dr. Sproule.

Q. Where does he live?—A. He lived at Montreal.

Q. He was quite a noted dealer in smuggled cars?—A. I cannot say.

Q. What?—A. I cannot say.

Q. Did you have dealings with Dr. Sproule, in connection with a Packard touring car which was seized on March 23rd, 1925?—A. Dr. Sproule was a customer at the garage, and he used to purchase his gasoline and oil, and sometimes had repairs done there.

Q. Do you recollect Dr. Sproule bringing a car, a Packard car in to you—I will give you the Number. Engine No. 12876, serial No. U.12683?—A. I know that Dr. Sproule was the owner of a Packard car, but I never looked at the engine or the serial numbers.

Q. You sold the car, didn't you, later yourself?—A. I never sold an automobile for Dr. Sproule.

Q. I have an affidavit made by Joseph Lamoureux of the Province of Quebec, District of Montreal:

"I, Joseph Lamoureux of St. Agathe, owner of a garage, being duly sworn, depose and say:

On the 22nd August last, 1924, I bought from Mr. Ludger Brien, Montreal, garage owner, Packard touring automobile bearing license number 12876, serial No. U. 12683.

That I paid for the same automobile to the said Ludger Brien, the sum of $875 that is $500 cash and $375 by cheque.

That I bought this car in good faith.

(Signed) JOSEPH LAMOUREUX.

Sworn before me at Montreal,
This 24th day of March, 1925,
(Signed) J. MÉNARD."

Do you recall that?—A. I have no knowledge of the affidavit and I am not the person who sold the car to Lamoureux.

Q. You did not sell the car to Lamoureux?—A. No, sir.

Q. Then when Lamoureux says he paid you $500 cash, and $375 by cheque, he is not telling the truth?—A. The sale was made directly by Dr. Sproule to Lamoureux without my taking any part. I was not even present; I was in my office and his transaction took place outside. Only Lamoureux came to me and told me he did not have enough money and the other party did not want to accept his cheque. He asked me if I would accommodate by taking his cheque and cashing it and handing over the balance the following day to Dr. Sproule. I merely did that to help out the two parties. I knew that Lamoureux was in good standing financially, and he was in a position to pay.

Q. Just a moment ago you said you were outside and had nothing to do with it; now you say you acted as negotiater of the deal; which is true?—A. I did not state I acted as intermediary or go-between when I said I accepted to pay for Lamoureux to Dr. Sproule the amount of the cheque when I got the money from the bank. That does not mean I had participated in the sale of the car.

Q. Did you not 'phone long distance to St. Agathe and ask Lamoureux to come to Montreal, stating you had a Packard car for sale which you thought would suit him?—A. No, not I.

Q. Whom did this car belong to?—A. I do not know.

Q. We will read a letter from Lamoureux; another statement dated at St. Agathe, June 20th, 1925:

"Province of Quebec,

I, Joseph Lamoureux, of St. Agathe, Province of Quebec, did purchase from L. Brien, Montreal, Quebec, a small Packard six touring car, 1923 model, about the latter part of August, 1924, for the sum of $850. I paid Brien $500 cash and $375 by cheque. This also included $25 for spare tire. This purchase was made in Brien's own garage on Atwater street, Montreal, P.Q. My brother-in-law, Andre Groulx, who lives in Montreal, was with me in Montreal at the time I purchased the car in question from Brien and also heard the conversation and terms of the purchase.

I took the car with me the same day of the purchase from Montreal to St. Agathe and had the same in my possession until seized by Customs Officer Duval in March last, 1925.

When I purchased the automobile in question it was in terribly bad condition. I had made repairs on said car to the value of $500.

At the time of purchase of car Brien asked me $1,200 for the car, but the car was not worth any such amount. I did not want a car badly and would not pay no such price for a secondhand car. Brien then asked me $1,000, but I refused and I did not want the car as it was in so bad condition. I finally purchased the car for $850. I never thought the car in question was smuggled, otherwise I would not have purchased same.

(Signed) J. LAMOUREUX."

Q. What do you say to that? That is signed by Joseph Lamoureux?—A. I never had any knowledge of the facts mentioned there.

Q. You swear that positively?—A. Yes, I do.

Q. That is your endorsement?—A. Yes, sir.

Q. You received that cheque, did you?—A. I received it in order to hand over the proceeds. Mr. Chairman, at this stage I would like to make a statement. I have also to say I saw this cheque in the hands of Mr. Knox in Montreal, that is not very long ago. He came to my home one Sunday. He had come several times previously to obtain certain information, which he claimed I was in a position to give. He had this cheque in his pocket. I do not know whether

I should state this, but it is what I want to state and it is the truth. He stated that he was waiting to take proceedings against me to see what I would do in this case, if I was ready to help friends in this investigation. He showed me the cheque. I told him I was always ready to tell the truth, the whole truth. Proof that Mr. Knox came to my home is in the fact he left his card, or left a note. He left the card which I am now handing to you. He returned on Sunday while I was preparing to leave for church. Then I told him I had not much time to speak to him, neither did I like this thing. If you want to see the card which Mr. Knox left at my home and handed to my wife, here it is. (Witness produces card).

The CHAIRMAN: Then, I understand that this cheque and this small note are produced as exhibits 171 and 172.

The WITNESS: But I will tell you he had seen Dr. Sproule and to use the word he used, he said Dr. Sproule had "squealed" and had told the whole story. I told him "then, if that is the fact, then there is nothing I can tell you. I will wait till I am attacked before speaking." He told me many other things which I will tell if need be.

By Hon. Mr. Stevens:

Q. You say you got this little slip, which is marked (exhibit 172) from your wife?—A. Yes, sir.

Q. You did not pick it up yourself?—A. No, sir.

Q. You were not there when she found it?—A. She did not find it, it was Mr. Knox who handed it to her, or one of the children, or a member of the family at my home. The telephone number is that of the Hotel Windsor, I believe.

Q. A very handsome visiting card; on the corner of the envelope. To whom did you pay over the money for this car?—A. It is not for the automobile I paid the money, I handed over the proceeds of the cheque.

Q. That is not what I asked you. You just now admitted that you received $500 in cash, and $375 by cheque from Lamoureux; now to whom did you turn this money over?—A. I have not admitted that I had received $500. I did not receive $500.

Q. Did you receive $500 cash?—A. I did not receive the $500 myself.

Q. To whom did Lamoureux pay the $500 in cash?—A. I don't know, I was not present.

Q. You said a moment ago you were present when the $500 and $375 were handed over?—A. I did not state that.

Q. You received $375?—A. I stated they came into my office and they asked me if I would give the proceeds of that cheque for $375 because Lamoureux did not have the required amount of money to complete the payment.

Q. To whom did you pay the $375?—A. I paid that over to Doctor Sproule.

Q. You paid the $375 to Doctor Sproule, is that right?—A. Yes, that is it.

Q. Are you quite sure about that?—A. Yes, sir.

Q. You swear you paid the proceeds of this cheque, $375, to Doctor Sproule?—A. He must not have left the money with me, he must have collected it.

Q. Well, that is different. What did you do with the $375; that is what I want to know? You said you gave it to Doctor Sproule? Now, did you give it to Doctor Sproule?—A. Certainly, I gave it to him.

Q. Did you cash this cheque?—A. I deposited that cheque in order to collect it before paying the proceeds.

Q. Did you give your own cheque to Doctor Sproule?—A. I believe I handed over the amount in two or three small sums.

Q. When did you hand over these amounts to Doctor Sproule?—A. The following day, when I was certain that the cheque was good.

Q. Did you give it to him in one, two, or three amounts?—A. It seems to me I gave him the proceeds in two amounts, or possibly three amounts. I am not certain of that.

Q. You are sure you gave to Doctor Sproule $375?—A. Yes, sir.

Q. And Doctor Sproule is the owner of the car?—A. I don't know whether he was the owner of the car or whether the car belonged to him.

Q. You, as garage manager, witnessed the transfer of the car from Doctor Sproule to Mr. Lamoureux, and handled a portion of the purchase price, and handed it over to Doctor Sproule, without knowing whether Doctor Sproule owned the car or not?—A. What I handed over was the proceeds of the cheque, only that.

Q. Why did you split it up in two or three different amounts, and wait for a day?—A. I did that in order to gain time, so as not to expose myself, to not risk paying the amount, and I wanted to wait for the return of the cheque from Ste. Agathe, which is some distance away. I knew that Lamoureux was capable of paying, but I did not want to take any chances.

Q. When did you deposit this cheque, the same day or the next day?—A. The date on which the cheque was deposited is on the cheque.

Q. That is not what I asked you. I asked you when you deposited this cheque?—A. I don't recall whether it was the same day or the following day.

Q. Was it not later than the following day?—A. I don't remember.

Q. The date of the cheque (Exhibit No. 171) is the 22nd of August, 1924, at Ste. Agathe, for $375, on the Provincial Bank of Canada, signed by Lamoureux & Freres. The cheque is made out to L. Brien; it is endorsed "L. Brien" and underneath "Ludger Brien in Trust," showing that you deposited it in your trust account. Where was that trust account?—A. At the bank which is mentioned there, the Bank of Toronto.

Q. This was deposited, according to the stamp, in the Bank of Toronto on August 26, and it was paid by the Banque Provinciale on August 28. That would be, in the first place, deposited four days after the drawing of the cheque, and it was paid by the Banque Provinciale two days after it was deposited. That does not agree very well with your story about paying this money over to Doctor Sproule. Now, Mr. Brien, my information is that you never paid this to Doctor Sproule at all, that Doctor Sproule smuggled this car in, and through you, and with your knowledge sold this smuggled car to Lamoureux, and that this $375 represents your profit in the transaction?—A. No sir.

Q. That is all you have to say in connection with that?—A. Yes sir.

Q. Did you see Mr. Lamoureux' brother, who resides in Montreal, and ask him to use his influence with the drawer of this cheque not to take action against you for the recovery of this money?—A. No sir.

Q. You are quite sure of that, eh?—A. Certain.

Q. What time did you close up that J. E. Belisle Company?—A. At the time when the Liquor Commission was established.

Q. Mr. Bisaillon tells very definitely, on two or three occasions, it was on the 30th of April, 1921; is that right?—A. At or about that time.

Q. Now, all of the deposits of that company were placed in your name, were they not?—A. As far as I can remember, yes.

Q. And Mr. Gelinas paid off the overdraft of $15,000, is that right?—A. I can't state, I don't exactly know what the overdraft was. Mr. Gelinas will be in a position to tell you if you call him as a witness.

Q. It was closed out, anyway, by Mr. Gelinas, was it not?—A. He handed me a cheque to cover the overdraft at the bank.

By Mr. Bell:

Q. The witness said yesterday, it was approximately $14,000 or $15,000, the overdraft?—A. I believe it is more than that.

By Hon. Mr. Stevens:

Q. You started another trust account, or is this the same trust account?—A. That is quite a time afterwards, that is the Bank of Toronto, and the other was the Hochelaga Bank.

Q. Did you always do your business in a trust acount?—A. I no longer have any accounts.

Q. I think you swore yesterday that you did no other liquor business after that date, is that right?—A. Yes sir.

Q. That is right, eh?—A. In Canada.

Q. I thought you would qualify that. Have you been living in the United States?—A. I suppose you will investigate in the United States also?

Q. Do not get facetious. Have you been living in Canada since?—A. No, I went to the United States on a certain occasion.

Q. You have been living in Canada, or how long were you away?—A. I do not remember precisely, I was perhaps about fifteen days in New York.

Q. That is all right, that is merely a visit. You have been residing in Canada, and what business you have done has been done in Canada; that is right, is it not?—A. No, sir, that is another affair altogether.

Q. What is another affair altogether, your trip to the States?—A. This was an importation at New York from a certain syndicate which has been mentioned, which was mentioned before the Private Bills Committee at Quebec.

By Mr. Calder, K.C.:

Q. Was that a Belgian syndicate?—A. No, it was a Canadian syndicate.

Q. Was that liquor imported from Belgium?—A. No, that liquor was imported from Scotland.

By Hon. Mr. Stevens:

Q. Who were the members of this syndicate?—A. It is not necessary, it has nothing to do with smuggling into Canada. That will bring forward names of persons whom I do not want to drag before this Committee. I swear that there was no smuggling into Canada in this case. It was a syndicate formed for the importation of goods into the United States. I know that you have the power to make me give the names, only I say that has nothing whatever to do with Canada, it was not smuggling into Canada. You are the master here; if you want to compel me to name these persons, you have the power to do so. As a matter of fact, the record is in the report of the Public Accounts Committee in Quebec. It is a volume that thick (indicating).

Hon. Mr. STEVENS: We will leave that just for the moment.

Mr. DONAGHY: Make him give the name, Mr. Stevens.

Hon. Mr. STEVENS: I think that will be more reasonable after we get some more evidence.

By Hon. Mr. Stevens:

Q. We will leave the question of disclosing names, for the moment. You say that you, as far as Canada is concerned, ended your transactions in liquor on April 30, 1921, or thereabouts?—A. In the course of that season.

Q. And that J. E. Belisle and Company did not transact any more business after that date?—A. They certainly made no purchases after that date?

Q. Did they make any sales?—A. I do not remember that there were sales.

Q. Did you ever hear of the Health Pharmacy Products Company of Montreal?—A. No, sir.

Q. Well, my information is that the group operating under the name of J. E. Belisle, also operated as the Health Pharmacy Products?—A. Not our Belisle.

By Mr. Bell:

Q. He may have lent his name to somebody else?—A. Maybe he did.

By Hon. Mr. Stevens:

Q. That J. E. Belisle operated as the Health Pharmacy Products in the year 1923?—A. No, not to my knowledge.

Q. Not to your knowledge?—A. I never saw him again, after 1921.

Q. Did you ever see him before?—A. Yes, I said so yesterday.

Q. You have never said it very positively yet?—A. I said what I knew.

Q. There was a permit taken for the transfer of 3736.26 proof gallons of liquor from the Examining Warehouse in Quebec to the Murray Pharmacy Company at Montreal, with a bond for $10,879 put up. Do you know anything about that?—A. I know nothing about it.

Q. This was done through the famous J. E. Belisle?—A. I know nothing about that.

Q. Quite sure of that?—A. I am certain. I know nothing about that transaction. It is not only one dog that is called by any one name. There was a Ludger Brien who died some time ago; he had nothing to do with me.

Q. I am not interested in the Ludger Brien who died, I am interested in the Ludger Brien who is very active here. What were you doing during 1922 and 1923?—A. In 1922 I organized the Auto Supplies Company, Limited, in which I lost $28,000.

Q. How much?—A. $28,000.

Q. How did you go into bankruptcy because of the failure of J. E. Belisle, and then next year lose $28,000 in the automobile business? (No answer).

Mr. CALDER, K.C.: I am afraid you are under misapprehension, Mr. Stevens. The statement of the witness is that he went into liquidation personally, as a consequence of his losses in United Automobile Service.

WITNESS: In 1922 I organized the Auto Supplies Company, Limited, in which I lost $28,000.

By Hon. Mr. Stevens:

Q. Did you put $28,000 in the business?—A. Yes.

Q. Well, you told us yesterday that when you closed the J. E. Belisle Company, you had lost so much money that Mr. Gelinas had to put up $15,000 to pay the overdraft in the bank; that is correct, is it not?—A. In that particular business, yes.

Q. Where did you get the money to put $28,000 the next year into the automobile business?—A. If you will examine the assessment rolls of the city of Montreal, you will see that in 1909 I was the owner of some property, and in 1912 and 1913 I repurchased some, and in 1916 I also repurchased some property. In 1920 I believe I was worth, not very much, but I figure I was worth possibly $20,000.

Mr. Brien, my information is that you had been interested in the liquor business. The illegal liquor business, liquor smuggling, perhaps not as a principle but as a subordinate, during this period?—A. What period do you refer to?

Q. Since the J. E. Belisle Company closed down in 1921, and right up to and including the barge "Tremblay" incident?—A. I never imported one gallon, or one bottle of liquor, nor exported.

Q. Just now you told us you were not in the liquor business in Canada, but you were in the export business or the liquor business out of Canada?

—A. An attempt was made to take goods into the United States, but it did not succeed very well.

Q. What did you do with the goods?—A. The goods remained there.

Q. Are they still there?—A. I do not think so.

Q. What did you do with them?—A. As I told you, all that was given at the investigation at Quebec. It is embodied in a voluminous report.

Q. You are not very clear, Mr. Brien. You say you tried to export some liquor to the United States, but it failed. I ask you where that liquor is, is it still where it was?—A. I did not state that I tried to export liquor; I said I was a member of a syndicate which made an attempt to bring liquor into the United States, which did not succeed.

Q. Who were the members of that syndicate? I want those names now? —A. Do you insist on having those names?

Q. Yes, I want those names, all of them. Give their full names while you go along, and save us going back over them?—A. There was a Mr. Lavallee; I do not know what his christian name was.

Q. Give us the next one, giving the full name, occupation and address?— A. Mr. Lavallee was formerly the manager of the factory at St. John.

By Mr. Donaghy:

Q. Where is he now?—A. I repeat here again that this syndicate had nothing to do with the smuggling into Canada.

By Hon. Mr. Stevens:

Q. We will be the judges of that. Please give us the list?—A. Mr. Albert Brosseau; he was retired at the time, and lived in Montreal North.

Q. Do you know his address?—A. He still lives there in Montreal north.

Q. Is it in the telephone book?—A. It must be in the telephone book.

Q. Who was the next?—A. There was a Mr. Narcisse Lard, of St. Johns, Que.

Q. What did he do?—A. He was formerly a merchant.

Q. Is he living in St. Johns now?—A. I think so.

Q. Who is the next one?—A. Myself.

Q. Who is the next?—A. There was also a Mr. Nellegon.

Q. What is his first name?—A. His name is J. Nellegon.

Q. What was his address?—A. I believe he lived on Hudson street, I am not sure.

Q. In Montreal?—A. In Montreal.

Q. Who else?—A. Those are the only persons who formed part of the syndicate, for the purchase of a vessel.

Q. As part of the syndicate?—A. To form part, who were members of the syndicate for buying the vessel.

Q. Who else was connected with it, from the standpoint of buying the liquor? —A. As for me, I did not have anything to do with the purchase of the liquor. The persons who had something to do with the liquor were on the other side of the boundary line. By the other side, I mean the other side of the ocean.

Q. Tell us their names?—A. Albert Brosseau, and Mr. Lavallee.

Q. Are they not named already?—A. Yes.

Q. From whom did they purchase this liquor?—A. Is this absolutely necessary. There was no smuggling into Canada. I do not want to read a lesson to the Committee, but this seems to be childishness.

Mr. BELL: We are all grown up.

By Hon. Mr. Stevens:

Q. We will judge of the childishness, Mr. Brien. We want the names of the parties from whom this liquor was purchased?—A. I do not remember. This was all stated before. Copies of the contracts were produced at Quebec.

Hon. Mr. STEVENS: Mr. Calder, the papers in these proceedings did not include that investigation before the Quebec Special Committee of the House?

Mr. CALDER, K.C.: No sir.

By Hon. Mr. Stevens:

Q. In the absence of these papers, give us from your own knowledge, as fully as you can, from whom this liquor was purchased?—A. I do not know who these persons were, but you will find that in the report of the investigaiton conducted at Quebec. It is all there.

Q. Where were they living, these parties?—A. They lived on the other side, either in England or Scotland.

Q. What was the name of the vessel you chartered?—A. I am not the person who chartered the vessel.

Q. I did not ask you that, I asked you the name of the vessel which was chartered?—A. I believe it was the Istar.

Q. Where was she chartered?—A. I do not recall these facts. They were all reported there.

Q. Was she chartered in Montreal?—A. No sir. The boat was chartered by Mr. Brosseau and Mr. Lavallee at the time of their trip to England.

Q. Mr. Brousseau and Mr. Lavallee?—A. Yes.

Q. They chartered this vessel in England, is that right?—A. I believe so.

Q. The records you say will show from whom the liquor was purchased?—A. I believe so.

Q. What kind of liquor was it, you will know that?—A. I believe it was good old Scotch.

Q. You say that you failed to get entry to the United States with this liquor?—A. Yes, sir.

Q. What did you do with the liquor?—A. The parties who sold the liquor kept it.

Q. What is that?—A. The parties who sold the liquor kept it.

Q. Who paid for this liquor?—A. I believe there was a deposit of between $28,000 and $30,000 which was made. It amounted to about £7,000 sterling.

Q. What was that sum?—A. The deposit was either $28,000 or $30,000.

Q. Your syndicate put up a deposit of $28,000 or thereabouts?—A. Mr. Brosseau and Mr. Lavalle made a deposit of about $28,000; it was £7,000 sterling.

Q. Did they lose all that?—A. I believe they did.

Q. Did you say the vessel was the Istar?—A. That is what I said.

Q. Let us look at the Istar. The Istar is shown in Lloyd's register, Vol. 1, 1925 and 1926 as a Steel twin screw, which is a nautical name; she was built on the Clyde bank, and the owners are shown as Jeremie Brown & Company, Limited; the registered dimensions are 288 feet, breadth 36 feet; and 17 feet depth; flying the British flag, 1,740 tons register.

Now, Mr. Brien, what I would like to know is what became of that liquor?—A. I do not know what happened to the liquor. I believe that those who had it disposed of it. I do not know in what manner. We returned to Montreal empty handed, and minus $28,000.

Q. They were all Canadians that chartered that vessel?—A. I believe they were.

Q. What did you put into this venture; did you put anything in at all?—A. I put in between $2,000 and $4,000 which I borrowed from my mother.

Q. What date was that?—A. At the date on which the transaction took place. I believe it was about December, 1922 or January, 1923.

Q. In January, 1923?—A. Yes, in that period.

Q. That would be about the same time as J. E. Belisle was operating under a new nomenclature, the Health Pharmacy Products; was there any chance of

that liquor coming into Canada through J. E. Belisle?—A. It is not likely that these means would have been employed, to bring liquor into Canada by way of New York.

Q. I did not ask that. You said you could not get into New York. When you could not get into New York, did you bring the liquor into Canada through the J. E. Belisle concern?—A. I said what was done with the liquor; the liquor remained aboard the vessel at sea.

Q. Is it still there?—A. One would have to go and see to believe.

Q. You are leaving the whole matter at sea, apparently. Well, a brief summarization of that is that several other Canadians already named here and yourself chartered a vessel, paid up some $28,000, purchased liquor in the old country, and that cargo you say was destined to New York. Up to that point I am correct, am I not?—A. That seems to me to be correct.

Q. You failed to get entry into the United States or into New York, with this liquor, that is correct?—A. Yes, that seems to me to be correct.

Q. All you can tell us now about the disposition of the liquor owned by the Canadian Syndicate is it stayed at sea, is that your last word?—A. I say that they cancelled our order and kept the deposit which we had made and we returned with our little grips to Montreal. I do not know what they did with the goods afterwards; I would have preferred having the goods disposed of, but the Syndicate should have disposed of the goods, because we could have got back the money we had invested in the enterprise. I do not know what they did afterwards. I suppose they sold these goods or returned them to England. I do not know; I cannot say.

Q. To dispose of that, was it their own money that was put up?—A. I do not know. I know I took my money to invest in that undertaking and I do not know where they got theirs.

Q. Did you have dealings with Mr. Gelinas in the year 1924?—A. No, sir.

Q. When you were in the liquor business and still Customs Officer, did you have many customers in Montreal?—A. I do not recall having customers in Montreal; we might have made a few sales to a few friends.

Q. Who were among your customers in connection with the Customs Department?—A. I do not recall any.

Q. Did you sell any liquor to your superior officers?—A. No.

Q. Never?—A. No, sir.

Q. Now, regarding the barge "Tremblay, what interest did you have in that cargo?—A. I had no interest in it.

Q. What did you get for your services in introducing Hearn and Neil to Perreault and Symons?—A. I was placed under arrest and I was charged with being an accomplice of one of the Americans.

Q. That may be partial justice. I asked you a different question. I asked you straight, what did you get for your services prior to the arrest and prior to the seizure for introducing Mr. Hearn and Mr. Neil to Harbour Master Symons and Deputy Harbour Master Perreault?—A. I did not get anything.—R. Je n'ai rien eu.

Q. You were there; you brought these two men to the Harbour Master; arranged for the $5,000 deposit with Captain Symons?—A. I never had anything whatever to do with the $5,000 deposit. I never knew Captain Symons before being placed under arrest on Sunday, where I was, for the first time at the Mass in the Prison Chapel on Christmas day. I never had seen him previously.—R. Je n'ai jamais rien eu à faire avec le dépôt de $5,000, ni rien. Je n'ai jamais connu le capitaine Symons avant d'être arrêté à Québec. Je l'ai vu la première fois à la messe le jour de Noël, en prison. Je ne l'avais jamais vu de ma vie avant, le capitaine Symons.

Q. You took Hearn and Neil to see Perrault, didn't you?—A. I believe I did so.

Q. That was before the trip was arranged for?—A. Yes.

Q. As a result of your interview, Captain Tremblay closed the charter for this trip, that is right, is it not?—A. When I introduced Neil to Captain Perreault either at the end of August or the beginning of September, there was no talk of any business such as that; no talk whatever of any such business. There was no talk of liquor or anything else at the time.

Q. As a matter of fact, you introduced Neil and Hearn to Captain Perreault, didn't you?—A. I know I introduced Neil; I do not recall positively whether Hearn was there, but I believe he was there.

Q. And Neil and Hearn were interested in this cargo that was later seized, that is right, it is not?—A. I do not know whether Hearn was interested or not. I never said Hearn was interested in the cargo.

Q. Neil was interested, was he not?—A. It seems to me that was the case he was interested in.

Q. You, later, were informer for the seizure of the cargo?—A. Thank you, yes.

Q. You and Duval went up to St. Sulpice?—A. I have already stated that.

Q. You now swear that you had no interest in the cargo?—A. I swear that I had no financial interest in the cargo, because my finances certainly were low.

Q. Why didn't you tell Duval it was the barge Tremblay that was coming up the river?—A. I do not recall whether I told Duval on the night of the seizure, or if I did not tell him. I could not tell him before that because I did not know myself. I only heard about it on the day, or the previous day, or the eve of the seizure. It was about that time Duval had left for Rock Island, about ten days previously, and I had not seen Duval again since that time.

Q. Are you asking this Committee to believe now that there was no connection whatever between your arrangement for Neil, the owner of this liquor, to meet Captain Perreault, through whom the charter was finally made, and your acting as informer in bringing about the seizure of this liquor by Bisaillon, thus taking it out of the hands of the Quebec Liquor Commission?—A. I am not asking the Committee to believe anything; I am simply giving evidence.

Q. That is all you have to say on that?—A. I did not give my information to Bisaillon at all.

By Mr. Donaghy:

Q. Mr. Brien, how long have you known this man Brosseau, who was interested in the Istar; what year did you first know him?—A. I believe it was in 1919 or 1920.

Q. Was that when you first knew him?—A. I knew him when I went to live in Montreal North; I believe it was in 1919.

Q. What was he doing?—A. He was retired afterwards; he was Mayor of Montreal North.

Q. At that time?—A. Yes, sir.

Q. When you first met him?—A. Yes.

Q. Now, did he ever tell you what they did with the liquor?—A. It was known later on, it was known the people in Europe kept everything; kept the deposit and they must have disposed of it, of the goods, or have brought it back there.

Q. That cannot be right. Had this man Brosseau been to England before, buying this liquor?—A. Yes sir.

Q. How long before?—A. If I remember well, he left for England about the end of October or the beginning of November.

Q. Had he been in England during the war?—A. I believe he went to Europe to take the soldiers' vote.

Q. During the war?—A. Yes, when the soldiers were there.

Q. Now, this syndicate bought and paid for the liquor, did they not?—A. No, we had deposited £7,000 sterling.

Q. Did that not pay the full price of the liquor?—A. Not for 20,000 cases of Scotch.

Q. Then do you believe that the people in England, who are selling this liquor, took it back again to England?—A. It is not my opinion, no; that is not my nature to say what I don't know.

Q. What is your opinion as to whether or not this liquor was brought into Canada?—A. I am very certain that it was not brought into Canada.

Q. What makes you certain it was not brought into Canada?—A. This was in winter, and the St. Lawrence is not suitable for navigation during the winter months.

Q. You are of the opinion it was not landed upon the Canadian coast, we will say Nova Scotia or New Brunswick?—A. I was not on board the vessel; I don't know what the Englishmen did with it; I was not on board the vessel.

Q. What did Brosseau tell you became of the liquor?—A. What I have said here; we had lost our deposit.

By Mr. Bell:

Q. Mr. Brien, just one more question, please; you told us yesterday, and repeated to-day, that the operations of the business known as "J. E. Belisle" resulted in a loss, which Mr. Gelinas covered, to the extent of some $14,000 or $15,000. You also told us that the only persons in the business were yourself and Bisaillon, you having five-sixths and Bisaillon one-sixth interest in the business. Those are things you have said, are they not?—A. Yes.

Q. I see that on the 12th of May, Bisaillon swore here that he took out of this business for himself, in the three years it was in operation, $69,000; I should like to know from you who were the main men in that business; as you have told us you signed cheques, that Bisaillon did not; if he took out $69,000 as his one-sixth in these three years?—A. Bisaillon certainly did not receive one-sixth of that amount of $69,000.

By Hon. Mr. Stevens:

Q. Just one or two questions, and I will conclude. I have been summarizing your evidence; you went into the Belisle Liquor Company, which resulted in a loss of $15,000, which was paid by Mr. Gelinas; that is correct, is it not?—A. I did not say it was a loss; I said that he had to take care of the overdraft at the time the account was closed out.

Q. Then you went into the liquor syndicate for smuggling liquor into the States, with three or four other Canadians, resulting in a loss of $28,000; that is correct, is it not?—A. The $28,000 loss was not mine, but it was the syndicate's loss.

Q. It was lost by the syndicate. Then you organized an auto company, and you say you lost $28,000 in that; that is correct, is it not?—A. I had $28,000 worth of shares in that company; the company failed, and those shares became valueless.

Q. You lost $28,000, as he stated in his evidence; that is correct, is it not?—A. Yes, sir, that is correct.

Q. Another incident was, you acted as intermediary in a transaction for the sale of a smuggled automobile from a notorious smuggler called Doctor Sproule, for which you kindly cashed a cheque for $375; the transaction being carried out in your premises, and you swear you did it all for nothing. That is another transaction; that is correct, isn't it?—A. Yes, sir.

Q. Then, in connection with the barge Tremblay involving the effort to smuggle into Canada liquor which should have paid a revenue of $240,000; you introduced the owner of the cargo to certain parties, to Captain Perrault, referred

to in the making of the chartering party; and you later acted as informant in this thing, which resulted in the seizure of this barge; that is correct, isn't it?—A. By the Customs, yes.

Q. You also admit selling to your brother-in-law that smuggled car which was later seized on information given by you, and in connection with which you got the moiety as informer; is that right?—A. I stated yesterday that he was not my brother-in-law.

Q. Is not St. Germaine your brother-in-law?—A. No: I stated I had sold the car, but I stated that I did not give the information.

Q. You got the moiety?—A. I might have been in error.

Q. No, you didn't; you signed for the moiety?—A. I also stated that had St. Germaine's name been on that receipt I would not have accepted this moiety.

Q. No, it would have given you away.

The CHAIRMAN: All right, Mr. Brien, you are discharged.

Mr. GAGNON: Mr. Chairman, I want to ask the witness some questions.

By Mr. Gagnon:

Q. Now, in the barge Tremblay affair, did you ever speak to Bisaillon about the consignment of liquor which was coming in on board the barge Tremblay?—A. Well, no, I had forbidden Duval to speak to Mr. Bisaillon about it, myself; as far as I am concerned I did not speak to Mr. Bisaillon.

Q. According to the information which you have about the barge Tremblay, did Bisaillon have anything to do with that business?—A. I do not think so, no.

Q. And you did not want him to have anything to do with the seizure, because you had forbidden Duval to speak to Bisaillon about it?—A. I do not think so.

Q. With regard to the barge Tremblay affair, Captain Perreault stated here that he saw in your hands a cheque for $40,000, endorsed by Bisaillon, is that true?—A. He saw some large figures which I never laid my eyes on. We were prisoners aboard the train and were in the custody of a detective, and he would not be in a position to state whether that is true or not, and afterwards when we reached Quebec, my pockets were searched, and had that cheque been there, it certainly would have been discovered.

Q. As a matter of fact, did you ever make out a cheque for $40,000 to Mr. Bisaillon?—A. No, never.

Q. Can you tell us what was the largest cheque you ever made out to Bisaillon when you were in business with him?—A. I believe it was a cheque for $2,500, The largest cheque, I think, to the best of my knowledge, which I would have made to the order of Bisaillon would be a cheque amounting to one-sixth of the $12,500.

By Hon. Mr. Stevens:

Q. Bisaillon admitted a cheque for $4,000?—A. It is possible I might have given a cheque for $4,000; that is to the best of my knowledge.

By Mr. Gagnon:

Q. What kind of business did you carry on in the name of J. E. Belisle?—A. This was a liquor business; we purchased liquor from wholesalers. As I stated yesterday, we purchased liquor from the wholesale merchant in Montreal as all authorized vendors used to do, such as the grocers used to do formerly; that is to say, liquor on which all the excise and customs duties had been paid.

Q. As a Customs Officer, did you have anything to do with the entering of that kind of goods into Canada?—A. No, sir, not in so far as the goods that were to be delivered into Montreal were concerned; I had something to do with the liquor which was arriving at the port, and which was sent to ports on the

Great Lakes, or to Ontario. I had to remanifest those goods. But the liquor which was to be delivered locally was not under my direction or jurisdiction; I had nothing whatever to do with that.

Q. You were not the Customs Officer who had to look after the liquor in the warehouses in Montreal when it arrived from Europe?—A. No, sir.

Q. Under the system of authorized vendors which prevailed in Quebec at one time, there were several large wholesale firms who acted as agents for liquor companies who were importing liquor; that liquor was sold through them to the authorized vendors?—A. Yes, to the wholesale merchants.

Q. In your own business, you had to deal with several importers?—A. Yes, sir, certainly.

Q. And you, just like an authorized vendor, have taken and removed liquor from those warehouses, without the importer or authorized vendor having anything to do with it?—A. I do not understand the sense of your question; I do not understand what you are driving at.

By Mr. Calder, K.C.:

Q. The authorized wholesale vendor did not have the exclusive right of sale, as the Quebec Liquor Commission has to-day, and the individual could purchase from the wholesale importer?—A. Certainly.

Q. It was the retail sale which was the exclusive privilege given to the authorized vendor?—A. It was the retail sale.

Mr. BELL: Pardon me, did Mr. Calder or Mr. Gagnon ask that question?

Mr. CALDER, K.C.: Mr. Gagnon had suggested that in the purchase of liquor from the wholesaler, the J. E. Belisle Company would have to have the co-operation of the authorized vendor. I put it to the witness that the authorized vendor, at that time, had not the exclusive wholesale privilege as now; the purchasing is now in the hands of the Quebec Liquor Commission. In those days anybody could go and buy in case lots from the wholesalers.

Mr. BELL: I appreciate that, but the interpreter did not state whether it was Mr. Calder who was speaking.

By Mr. Calder, K.C.:

Q. In 1920, did you, as Customs Officer, or as Excise Officer, have anything to do with the control of the liquor coming, or going out of the Customs warehouse?—A. No, sir.

Q. What was the approximate price which you paid for that liquor?—A. This varied according to the brand. Some cost $20, and other brands cost $40. The liquor business is something like the stock market; there are fluctuations. I recall having purchased five thousand cases of Imperial Rye at $28 and believing the price would go up to $32, and we were compelled to sell at $22.

By Hon. Mr. Stevens:

Q. Another transaction in which you lost?—A. That would explain some of the loss.

By Mr. Gagnon:

Q. Then, the injury which the Customs Department would have suffered in 1921, would be the time you took from your regular working hours to devote to the business?—A. I did not take any time off my regular working hours at the Department.

Q. Then, it could not affect in any way the duty which the Customs Department could receive on the goods you handled?—A. No.

By Hon. Mr. Stevens:

Q. I want to ask you one question. This man, J. E. Belisle's name has been bandied around before the Committee. You laugh, but it is no laughing matter. I want to ask you before you leave the stand, if you can give us, beyond what you did, in giving us the name of Mr. Gelinas, any further evidence that would enable us to locate J. E. Belisle?—A. To the best of my knowledge I did not give you Mr. Gelinas' name in connection with Belisle.

Q. As a partner, can you give us any further evidence?—A. I said all I knew; I answered all questions to the best of my ability.

Q. You do not know his address?—A. At present, no, sir.

Q. Did you ever see him after April 30, when the business was closed? —A. I do not recall whether I saw him again or not. I might have seen him a few days after April, 1921.

Hon. Mr. STEVENS: Mr. Chairman, I am going to ask if you will approve that the Royal Canadian Mounted Police be asked to make a precis of this file No. 24D24/3D/4, which is the file referring to the activities of J. E. Belisle, during 1923 and 1924. It may be that it will help us to solve this J. E. Belisle mystery. So if the Committee will approve I would ask that a precis be made and put in the evidence, and the proper officer present it in the stand.

Mr. BELL: I think it is a very good idea.

Witness discharged.

The CHAIRMAN: There is only left the matter of Mr. Gauthier, and I suppose that can be suspended until Mr. Duncalfe gets here.

Hon. Mr. STEVENS: Gauthier stays.

Mr. CALDER, K.C.: Does Gauthier stay in Ottawa?

Hon. Mr. STEVENS: Yes.

The Committee adjourned till Tuesday, May 25, at 10.30 a.m.

LUDGER BRIEN est rappelé.

Le PRÉSIDENT: Sous le serment que vous avez prêté.

Le TÉMOIN: Je voudrais que toutes les questions me soient traduites ce matin; cela m'a embêté un peu hier, monsieur le président.

L'hon. M. STEVENS: (Interprétation) C'est votre privilège.

Le TÉMOIN: Je comprends l'anglais, mais ce n'est pas comme ma langue maternelle et je ne saisis pas bien les nuances de certaines phrases qui me paraissent à double sens. Je les comprendrais mieux en français.

L'hon. M. Stevens:

Q. (Interprétation) Connaissez-vous le docteur Sproule?—R. J'ai connu un docteur Sproule.

Q. (Interprétation) Où demeurait-il?—R. Il demeurait à Montréal.

Q. (Interprétation) C'est un trafiquant bien connu dans les automobiles volées?—R. Je ne peux pas dire.

Q. (Interprétation) Quoi?—R. Je ne peux pas dire.

Q. (Interprétation) Avez-vous jamais eu quelque chose à faire avec le docteur Sproule au sujet d'une automobile Packard "touring", saisie le 23 mars 1925?—R. Le docteur Sproule était un client du garage. Il achetait sa gasoline, ses huiles, il faisait faire des réparations quelquefois au garage.

Q. (Interprétation) Vous rappelez-vous si le docteur Sproule a conduit chez vous une automobile portant le numéro d'engin 12876 et le numéro de série U 12683?—R. Je sais que le docteur Sproule possédait un coupé Packard, mais je n'ai jamais regardé les numéros de série, ni d'engin.

Q. (Interprétation) Vous avez subséquemment vendu l'automobile?—R. Je n'ai pas vendu d'automobile, moi, pour le docteur Sproule.

Q. (Interprétation) Vous rappelez-vous cet affidavit que vient de vous lire M. Stevens?—R. Je n'ai jamais eu connaissance de l'affidavit et ce n'est pas moi qui ai vendu à Lamoureux.

Q. (Interprétation) Vous n'avez pas vendu le char à Lamoureux?—R. Non, monsieur.

Q. (Interprétation) Lamoureux ne dit pas la vérité quand il affirme qu'il vous a payé $500 en acompte et qu'il vous a remis un chèque pour $375?—R. Lamoureux. . . La vente s'est faite par le docteur directement à Lamoureux, sans que j'y aie pris part. Je n'étais pas même présent. J'étais dans mon bureau et cela s'est fait en dehors du bureau; seulement, Lamoureux est venu me dire qu'il n'avait pas assez d'argent pour payer et que l'autre ne voulait pas prendre son chèque. Il m'a demandé si je l'obligerais en prenant son chèque, en le "cachant" et en remettant le lendemain ou plus tard, au docteur, la balance, le montant de ce chèque. Ce que j'ai fait. J'ai fait cela simplement pour obliger les deux parties. Je savais que Lamoureux était solvable.

Q. (Interprétation) Tantôt vous avez dit que vous étiez en dehors et que vous n'aviez rien eu à faire à la transaction. Maintenant vous dites que vous avez agi comme intermédiaire entre les deux individus?—R. Je ne dis pas que j'ai agi comme intermédiaire. Je dis que j'ai accepté de payer, pour Lamoureux, au docteur, le montant du chèque, quand je l'aurais eu de la banque. Cela ne veut pas dire que j'aie participé à la vente, cela.

Q. (Interprétation) N'avez-vous pas communiqué par téléphone longue distance à Ste-Agathe, avec Lamoureux, que vous aviez une automobile Packard à vendre?—R. Pas moi.

Q. (Interprétation) A qui cette automobile appartenait-elle?—R. Je ne sais pas.

Q. (Interprétation) Qu'avez-vous à dire de cette déclaration que vient de vous lire M. Stevens?—R. Je n'en ai jamais eu connaissance, de ces faits-là.

Q. (Interprétation) Vous jurez cela positivement?—R. Oui, monsieur.

Q. (Interprétation) C'est votre endos qu'il y a sur ce chèque?—R. Oui, monsieur.

Q. (Interprétation) Vous avez reçu le chèque?—R. Oui, je l'ai reçu pour en remettre le produit, comme je l'ai dit tout à l'heure. Je voudrais, monsieur le président, faire une déclaration: j'ai déjà vu ce chèque dans les mains de M. Knox, à Montréal, il n'y a pas bien longtemps. Il est venu chez moi un dimanche —il était venu plusieurs fois chez moi déjà pour avoir certaines informations qu'il prétendait que je pouvais donner—il avait ce chèque dans sa poche. Je ne sais pas si je devrais dire cela, mais, ce que je veux dire, c'est la vérité. Il m'a dit qu'il attendait pour prendre des procédures contre moi dans cette affaire-là pour voir ce que je ferais dans ce cas-ci, si j'étais prêt à aider des amis dans cette enquête. Il m'a montré le chèque, j'ai dit que j'étais toujours prêt à dire la vérité, toute la vérité. La preuve que M. Knox est bien venu chez nous: il est venu une fois que je n'y étais pas, il a laissé sa carte, que je vais vous donner. Il est revenu le dimanche, je partais pour aller à la messe au Gésu, alors j'ai dit: "Je n'ai pas bien le temps de vous parler". Je n'aimais pas bien bien cela non plus. Si vous voulez la carte que M. Knox a laissé à ma femme, la voici.

Le PRÉSIDENT: Produisez le chèque et ce petit billet comme exhibits 171 et 172.

Le TÉMOIN: Il m'a dit aussi qu'il avait vu le docteur Sproule et que le docteur Sproule—je vais me servir de son terme—avait "squealé", avait tout conté

l'affaire. J'ai dit: "Si vous la savez, je n'ai pas besoin de vous en dire. Je vais attendre d'être attaqué pour en parler, moi. "Il m'a dit bien d'autres choses que je dirai au besoin.

Q. (Interprétation) Vous dites que vous avez eu ce petit billet marqué 172 de votre femme?—R. Oui, monsieur.

Q. (Interprétation) Vous ne l'avez pas reçu vous-même?—R. Non, monsieur.

Q. (Interprétation) Vous n'étiez pas là quand elle l'a trouvé?—R. Elle ne l'a pas trouvé, c'est M. Knox qui lui a donné, qui l'a donné à elle ou à quelques-uns des enfants chez nous, quelqu'un de la famille. C'est le numéro de l'hôtel Windsor, du téléphone, je crois.

Q. (Interprétation) A qui avez-vous payé l'argent pour cette automobile? —R. Ce n'est pas pour l'automobile que j'ai payé l'argent: c'est le produit du chèque que j'ai remis.

Q. (Interprétation) Vous avez admis que vous aviez reçu $500. . .—R. Je n'ai pas admis cela, monsieur.

Q. (Interprétation) Il y a une minute vous avez admis que vous aviez reçu $500 comptant et un chèque de $375 de Lamoureux?—R. Je n'ai pas admis que j'avais reçu $500; ce n'est pas moi qui ai reçu $500.

Q. (Interprétation) Qu'est-ce que vous avez reçu? Avez-vous reçu le $500 "cash"?—R. Je n'ai pas reçu le $500 moi-même.

Q. (Interprétation) A qui Lamoureux a-t-il payé le $500?—R. Je ne le sais pas, je n'étais pas présent.

Q. (Interprétation) Vous avez dit il y a un instant que vous étiez présent quand il avait donné $500 "cash" et le chèque de $375?—R. Je n'ai pas dit cela.

Q. Vous avez reçu les $375?—R. J'ai dit qu'on était venu dans mon bureau me demander si je donnerais le produit de ce chèque, parce que Lamoureux n'avait pas le montant nécessaire en poche.

Q. (Interprétation) A qui avez-vous payé les $375?—R. Je les ai payés au docteur Sproule.

Q. (Interprétation Vous avez payé les $375 au docteur Sproule? Est-ce exact?—R. C'est cela.

Q. (Interprétation) Vous êtes certain de cela?—R. Oui, monsieur.

Q. (Interprétation) Vous jurez que vous avez payé le produit de ce chèque? —R. Je suis toujours sous serment ici.

Q. (Interprétation) Vous jurez que vous avez payé le produit de ce chèque, $375, au docteur Sproule?—R. Il ne doit pas me les avoir laissés, certain. Il doit les avoir collectés.

Q. (Interprétation) Qu'est-ce que vous avez fait de ces $375? Vous avez dit que vous les avez donnés au docteur Sproule. En avez-vous remis le produit au docteur Sproule?—R. Certainement.

Q. (Interprétation) Avez-vous encaissé ce chèque à la banque?—R. Je l'ai déposé pour le collecteur avant.

Q. (Interprétation) Vous avez donné votre propre chèque au docteur Sproule?—R. Non. Je crois que je lui ai remis cela en deux ou trois petits montants, en argent.

Q. (Interprétation) Quand avez-vous remis ces montants au docteur Sproule? —R. Dans les jours suivants, quand j'ai été sûr que le chèque était correct, que j'ai été payé.

Q. (Interprétation) Lui avez-vous donné cela en un montant, en deux ou trois montants?—R. Il me semble que je lui ai remis en deux montants ou trois montants, je ne pourrais pas jurer cela positivement.

Q. (Interprétation) Vous êtes sûr que vous avez payé tout le montant de $375 au docteur Sproule?—R. Oui, monsieur.

Q. (Interprétation) Le docteur Sproule était le propriétaire du char?—R. Je ne sais pas si c'était à lui, le char.

Q. (Interprétation) Et vous, comme gérant du garage, avez transféré l'automobile du docteur à Lamoureux et avez eu en mains une partie du prix d'achat, et vous l'avez remis au docteur Sproule?—R. Ce que j'ai remis, c'est le produit du chèque toujours.

Q. (Interprétation) Pourquoi l'avez-vous fractionné?—R. Pour gagner du temps, pour ne pas m'exposer à payer le montant sans avoir le retour de Ste-Agathe. C'est assez long, un chèque déposé avant que le retour vienne de Ste-Agathe. Je savais que Lamoureux était bon, mais je ne voulais pas prendre trop de chances.

Q. (Interprétation) Quand avez-vous déposé le chèque?—R. La date est là. La date est sur le chèque, la date de dépôt.

Q. (Interprétation) Ce n'est pas ce que je vous demande. Je demande quand vous avez déposé le chèque?—R. Je ne me rappelle pas si c'est le même jour ou le lendemain.

Q. (Interprétation) Pas plus tard que le jour suivant?—R. Je ne me rappelle pas cela.

Q. (Interprétation) Maintenant, la date du chèque est du 22 août 1924, au montant de $375, tiré sur la Banque Provinciale du Canada, signé par Lamoureux, fait à l'ordre de L. Brien et endossé L. Brien; en dessous Ludger Brien, "in trust", montrant que vous l'avez déposé à votre compte, "in trust". Où était-il ce compte?—R. A la banque qui est mentionnée là, Banque de Toronto.

Q. (Interprétation) Je suis informé que vous n'avez jamais payé ce montant au docteur Sproule mais que le docteur Sproule avait importé en contrebande cette automobile et que, par vous et grâce à votre connaissance, il a vendu cette automobile à Lamoureux, et que les $375 constituaient votre profit dans la transaction?—R. Non, monsieur.

Q. (Interprétation) C'est tout ce que vous avez à dire à ce sujet?—R. Oui, monsieur.

Q. (Interprétation) Avez-vous vu le frère de M. Lamoureux qui demeure à Montréal et lui avez-vous demandé de se servir de son influence avec l'auteur de ce chèque, et lui avez-vous demandé de ne pas prendre de procédures contre vous pour le recouvrement de cette somme-là?—R. Non.

Q. (Interprétation) Vous êtes bien certain de cela?—R. Oui.

Q. (Interprétation) A quelle époque avez-vous terminé le commerce sous le nom de J. E. Bélisle?—R. A la date que la Commission des Liqueurs est entrée en vigueur.

Q. (Interprétation) M. Bisaillon nous a dit, à plusieurs reprises, que c'était vers le 30 avril 1921 que la firme avait terminé ses affaires, que vous faisiez avant?—R. Autour de là.

Q. (Interprétation) Tous les dépôts de cette compagnie furent faits à votre nom?—R. En tant que je me rappelle, oui.

Q. (Interprétation) M. Gélinas a payé le montant de $15,000 qui avait été soutiré à la banque?—R. A peu près. Je ne me rappelle pas le montant exact qu'il a payé. Il pourrait vous le dire, vous l'avez assigné.

Q. (Interprétation) M. Gélinas a réglé ce compte-là?—R. Il m'a donné un chèque pour couvrir le déficit à la banque.

M. BELL: The witness said yesterday, it was approximately $14,000 or $15,000, the overdraft?

Le TÉMOIN: Je pense que c'est plus que cela.

L'hon. M. Stevens:

Q. You started another trust account, or is this the same trust account?—R. C'est longtemps après; ça, c'est à la Banque de Toronto; l'autre, c'est à la Banque d'Hochelaga.

Q. (Interprétation) Vous faites toujours vos affaires de cette manière-là?—R. Je n'en ai plus du tout de compte.

Q. (Interprétation) Vous avez juré hier que vous n'avez pas fait d'autres transactions de liqueurs après cette date-là?—R. Oui.

Q. (Interprétation) C'est correct?—R. En Canada.

(L'hon. M. Stevens fait une observation qui n'est pas interprétée au témoin).

Le TÉMOIN: Vous êtes chargé de faire une enquête pour les Etats-Unis aussi?

L'hon. M. Stevens:

Q. Do not get facetious. Have you been living in Canada since?—R. Non. J'ai été aux Etats-Unis en une certaine occasion.

Q. (Interprétation) Vous demeurez au Canada; combien de temps avez-vous été absent?—R. Je ne me rappelle pas au juste. J'ai été une quinzaine de jours à New-York.

Q. (Interprétation) Mais, vous avez demeuré au Canada, votre commerce a été dirigé en Canada?—R. Non, c'est une autre affaire "alltogether" comme on dit en anglais.

Q. (Interprétation) De quoi s'agit-il dans cette autre affaire?—R. C'était une importation de liqueurs à New-York par un certain syndicat dont il a été question au Comité des comptes publics à Québec.

M. Calder, C.R.:

Q. Un syndicat belge?—R. Non, canadien.

Q. Cette liqueur a-t-elle été importée de Belgique?—R. Non, c'était importé d'Ecosse, celle-là.

L'hon. M. Stevens:

Q. (Interprétation) Quels étaient les membres de ce syndicat?—R. Ce n'est pas nécessaire, ça ne regarde pas la contrebande en Canada du tout. Ça va amener des noms de gens que je ne veux pas traîner ici. Je jure qu'il n'y a pas eu de contrebande faite en Canada dans ce cas-là. C'est un syndicat pour importation de marchandises aux Etats-Unis. Je sais que vous avez autorité de me faire donner des noms, seulement je dis que ça n'a aucune affaire avec le Canada; ce n'était pas de la contrebande pour être faite en Canada. Vous êtes maîtres, si vous voulez me faire nommer ces gens, je vais les nommer. Le dossier de l'enquête à ce sujet est au Comité des comptes publics, à Québec. C'est un volume de cette grosseur. (Indiquant).

Q. (Interprétation) Vous dites, qu'en tant qu'il s'agit du Canada, vous avez cessé vos transactions dans les spiritueux le 30 avril 1921?—R. Dans le cours de cette saison-là, oui.

Q. (Interprétation) Et que J. E. Bélisle et Cie n'ont pas fait d'autres transactions de liqueurs après cette date?—R. Ils n'ont pas fait d'achats après cette date, certain.

Q. (Interprétation) La compagnie a-t-elle fait des ventes?—R. Je ne me rappelle pas en avoir fait.

Q. (Interprétation) Avez-vous jamais entendu parler du nom de Health Pharmacy Products, à Montréal?—R. Non.

Q. (Interprétation) Je suis informé que le groupe faisant affaires sous le nom de J. E. Bélisle faisait aussi affaires sous le nom de Health Pharmacy Products?—R. Pas notre Bélisle à nous autres.

(M. Bell pose une question au témoin en langue anglaise et ce dernier répond en anglais.)

L'hon. M. Stevens:

Q. That J. E. Belisle operated as the Health Pharmacy Products in the year 1923?—R. Pas à ma connaissance.

Q. Not to your knowledge?—R. Je ne l'ai jamais revu après 1921.

Q. Did you ever see him before?—R. Oui, je l'ai dit hier.

Q. (Interprétation) Vous ne l'avez jamais dit bien positivement encore.—R. J'ai dit ce que je savais.

Q. There was a permit taken for the transfer of 3736.26 proof gallons of liquor from the Examining Warehouse in Quebec to the Health Pharmacy Products at Montreal, with a bond for $10,879 put up. Do you know anything about that?—R. Je ne connais rien de ça.

Q. This was done through the famous J. E. Bélisle?—R. Je ne connais rien de ça.

Q. (Interprétation) Bien certain?—R. Je suis certain de ne rien connaître de ça. Il n'y a pas seulement un chien qui s'appelle Pataud; il y a un Ludger Brien qui est mort il y a quelque temps, il n'a rien à faire avec moi.

Q. (Interprétation) Que faisiez-vous en 1922 et 1923?—R. En 1922, j'ai organisé la "United Auto Supply Co. Ltd." dans laquelle j'ai perdu $28,000.

Q. (Interprétation) Avez-vous placé $28,000 dans cette compagnie?—R. Oui.

Q. Well, you told us yesterday that when you closed the J. E. Bélisle Company, you had lost so much money that Mr. Gélinas had to put up $15,000 to pay the overdraft in the bank; that is correct, is it not?—R. Dans cette affaire-là, oui.

Q. Where did you get the money to put $28,000, the next year into the automobile business?—R. Si vous voulez consulter le rôle de la ville de Montréal, vous verrez qu'en 1909 j'avais des propriétés; en 1912 et en 1913, j'en ai racheté, en 1916 j'en ai racheté. En 1920, je calcule que je ne valais pas grand'chose, peut-être une vingtaine de mille piastres.

Q. M. Brien, my information is that you have been interseted in the liquor business. The illegal liquor business liquor smuggling, perhaps not as a principal but as a subordinate, during this period?—R. Quelle période?

Q. Since the J. E. Belisle Company closed down in 1921, and right up to and including the barge *Tremblay* incident?—R. Je n'ai jamais importé un gallon, ni une bouteille de liqueur, ni exporté.

Q. Just now you told us you were not in the liquor business in Canada, but you were in the export business or the liquor business out of Canada?—R. Il y a eu des tentatives d'entrer de la marchandise aux Etats-Unis, ça n'a pas bien réussi.

Q. (Interprétation) Qu'avez-vous fait de la marchandise?—R. Elle est restée là.

Q. Are they still there?—R. Je ne pense pas.

Q. What did you do with them?—R. C'est ce que je vous ai dit, c'est tout ce qui a été dit à Québec. Vous avez décidé de laisser ça là pour le moment... Ça va être bien long, si je fais l'historique de cette affaire-là. Il y en a ça d'épais (Indiquant), c'est l'enquête qu'il y a eu à Québec.

Q. You are not very clear Mr. Brien? You say you tried to export some liquor to the United States, but it failed, I ask you where that liquor is, is it still where it was?—R. Je n'ai pas dit que j'avais essayé d'en exporter. J'ai dit que j'avais fait parti d'un syndicat qui a fait une tentative d'en entrer aux Etats-Unis, mais qui n'a pas réussi.

Q. (Interprétation) Quels étaient les membres de ce syndicat?—R. Vous voulez les savoir absolument?

Q. (Interprétation) Oui, tous les noms.—R. Il y avait un M. Lavallée.

Q. (Interprétation) Les prénoms?—R. Je ne me rappelle pas son prénom. Il demeurait à Saint-Jean, Qué., dans le temps.

Q. (Interprétation) Donnez les noms et occupation.—R. M. Lavallée était un ancien gérant de manufacture, à Saint-Jean. Je répète encore qu'il n'y a pas eu rien à faire avec la contrebande en Canada. Il y avait M. Albert Brosseau.

M. Calder, C.R.:

Q. Occupations et adresses.—R. Albert Brosseau, dans le temps était bourgeois. Il demeure à Montréal Nord.

L'hon. M. Stevens:

Q. (Interprétation) Connaissez-vous son adresse?—R. Il demeure là encore.

Q. (Interprétation) Son nom est-il dans le livre de téléphone?—R. Il doit y être.

Q. (Interprétation) Ensuite?—R. Il y avait M. Narcisse Lord, de Saint-Jean.

Q. (Interprétation) Son occupation?—R. Il est bourgeois et ancien marchand.

Q. (Interprétation) Vit-il à Saint-Jean, maintenant?—R. Je crois que oui.

Q. (Interprétation) Le suivant?—R. Il y avait moi-même.

Q. (Interprétation) Ensuite?—R. Il y avait un M. Nelligan.

Q. (Interprétation) Son premier nom?—R. R. J.

Q. (Interprétation) Son adresse?—R. Je ne pourrais pas dire. Il demeure, je crois, sur la rue Hutchison; je ne suis pas sûr.

Q. (Interprétation) A Montréal?—R. A Montréal.

Q. (Interprétation) Les autres?—R. C'était tous ceux qui ont fait parti du syndicat pour l'achat d'un vaisseau.

Q. (Interprétation) Y en avait-il d'autres qui avaient quelque chose à faire avec l'achat de la boisson?—R. Non. L'achat de la boisson, je n'y ai pas pris part; ce sont les gens qu'on avait délégués l'autre côté de l'océan qui y ont pris part seulement.

Q. (Interprétation) Leur nom?—R. Albert Brosseau et M. Lavallée.

Q. (Interprétation) De qui ont-ils acheté cette boisson l'autre côté?—R. Est-ce bien nécesaire? Il n'y a pas eu de contrebande en Canada. Monsieur le Président, c'est effrayant! Je n'ai pas de leçon à donner au Comité, il me semble que c'est de l'enfantillage que d'amener des affaires concernant les Etats-Unis. . . J'ai dit qu'il n'y a pas eu une seule goutte d'amenée ici.

Q. We will judge of the chidishness, Mr. Brien. We want the names of the parties from whom this liquor was purchased?—R. Je ne me rappelle pas. Ç'a été tout dit. Les copies des contrats ont été produites à Québec, elles sont encore là.

Q. In the absence of these papers, give us from your own knowledge, as fully as you can, from whom this liquor was purchased?—R. Je vous dis que je ne me rappelle pas le nom des gens. Vous allez trouver cela dans le rapport de l'enquête, à Québec. Vous allez avoir là tout l'historique.

Q. (Interprétation) Où demeuraient-ils?—R. L'autre côté, en Angleterre ou en Ecosse, je crois.

Q. (Interprétation) Quel était le nom du vaisseau qui a été nolisé?—R. Ce n'est pas moi qui l'ai "charté".

Q. (Interprétation) Quel est son nom?—R. Je crois que c'est *Istar*.

Q. (Interprétation) A quel endroit ce navire a-t-il été nolisé?—R. Je ne me rappelle pas ces faits. Ç'a tout été produit là-bas, je n'ai jamais revu ces papiers-là.

Q. (Interprétation) A-t-il été nolisé à Montréal?—R. Non, ç'a été "charté" par M. Brosseau et M. Lavallée lors de leur voyage en Angleterre.

Q. (Interprétation) Ont-ils nolisé ce navire en Angleterre?—R. Je crois que oui.

Q. The records you say will show from whom the liquor was purchased?—R. Je pense que oui.

Q. (Interprétation) Quelle sorte de boisson était-ce?—R. I believe it was good old Scotch.

Q. You say that you failed to get entry to the United States with this liquor?—R. Oui.

Q. (Interprétation) Qu'avez-vous fait de la boisson?—R. Ceux qui l'avaient vendu l'ont gardée.

Q. (Interprétation) Qui a payé pour cette expédition de boisson?—R. Il y avait eu, je crois, un dépôt de $28,000 ou $32,000 fait—je ne me rappelle pas le montant—c'était sept mille livres sterling.

Q. (Interprétation) Votre syndicat a fait un dépôt d'environ $28,000?—R. M. Brosseau ou M. Lavallée ont fait un dépôt d'environ $28,000, sept mille livres sterling.

Q. (Interprétation) Ont-ils perdu tout ce dépôt-là?—R. Je crois que oui.

Q. (Interprétation) Avez-vous dit que le navire s'appelait *Istar,* I-S-T-A-R? —R. C'est ce que j'ai dit.

Q. Now Mr. Brien what I would like to know is what became of that liquor?—R. Je ne sais pas qui a eu le dépôt. Ils en ont disposé, je ne sais de quelle manière. On est revenu avec notre petit bonheur, "minus" $28,000.

Q. (Interprétation) Ceux qui ont nolisé ce navire étaient tous des Canadiens?—R. Je crois que oui.

Q. (Interprétation) Quelle somme avez-vous contribuée dans cette entreprise?—R. J'ai mis $3,000 ou $4,000 que j'ai empruntés de ma mère.

Q. (Interprétation) A quelle date était-ce?—R. A la date de la transaction; je ne me rappelle pas la date; je crois que c'est en décembre 1922, ou janvier 1923.

Q. That would be about the same time as J. E. Belisle was operating under a new nomenclature, the Health Pharmacy Products; was there any chance of that liquor coming in Canada through J. B. Belisle?—R. Ce n'est pas probable que, par New-York, on aurait pris ces moyens d'entrer des liqueurs en Canada.

Q. (Interprétation) Avez-vous importé ces boissons en Canada?—R. J'ai dit ce qui a été fait de ces liqueurs: qu'elles sont restées en mer.

Q. Is it still there?—R. Il faudrait aller voir.

Q. You are leaving the whole matter at sea, apparently. Well, a brief summarization of that is that several other Canadians already named here and yourself chartered a vessel, paid up some $28,000, purchased liquor in the old country, and that cargo you say was destined to New York. Up to that point I am correct, am I not?—R. Ça m'a l'air correct.

Q. You failed to get entry into the United States or into New York, with this liquor, that is correct?—R. Ça m'a l'air correct.

Q. All you can tell us now about the disposition of the liquor owned by the Canadian Syndicate is it stayed at sea; is that your last word?—R. J'ai dit qu'on a cancellé notre commande et gardé le dépôt qui avait été fait, on s'en est revenu avec notre petite valise à Montréal. Ce qu'ils ont fait de la marchandise après, je ne le sais pas. J'aurais aimé mieux en disposer, que le syndicat en aurait disposé, on aurait entré dans nos fonds. Je ne sais pas ce qu'ils en ont fait, eux, après. Je suppose qu'ils l'ont vendue ou rapportée en Angleterre. Je ne sais pas, je ne puis pas dire.

Q. (Interprétation) Etait-ce leur propre argent qu'ils avaient mis dans cette entreprise-là?—R. Ah, je ne le sais pas, moi. Je sais où j'ai pris le mien, je ne sais pas où ils ont pris le leur.

Q. (Interprétation) Avez-vous transigé avec M. Gélinas en 1924?—R. Non, monsieur.

Q. (Interprétation) Quand vous étiez dans le commerce des liqueurs et que vous étiez encore à cette époque douanier, vous aviez plusieurs clients à Montréal?—R. Je ne m'en rappelle pas. Je ne me rappelle pas de clients à Montréal. On a pu faire quelques petites ventes à des amis.

Q. (Interprétation) Quels clients aviez-vous parmi les gens qui avaient quelque chose à faire ou qui étaient dans le département des Douanes?—R. Je ne me rappelle d'aucun.

Q. (Interprétation) Avez-vous vendu des liqueurs à vos officiers supérieurs? —R. Non, monsieur.

Q. (Interprétation) Jamais?—R. Non, monsieur.

Q. (Interprétation) Maintenant, en rapport à la barge *Tremblay*, quel intérêt aviez-vous dans cette cargaison-là?—R. Je n'avais aucun intérêt.

Q. (Interprétation) Quelle somme avez-vous reçue pour avoir présenté Hearn et Neill à M. Perreault et au capitaine Symon?—R. Je me suis fait arrêter et j'ai été accusé d'être un complice des Américains.

(L'honorable M. Stevens pose quelques questions en langue anglaise, auxquelles le témoin répond dans la même langue.)

Q. (Interprétation) C'est vous qui avez conduit Hearn et Neill chez le capitaine Perreault?—R. Il me semble que oui.

Q. (Interprétation) C'était avant que le voyage soit fixé?—R. Oui, monsieur.

Q. (Interprétation) Comme conséquence de la présentation de ces individus, le capitaine Tremblay a conclu un arrangement pour le nolisement du navire?—R. Quand j'ai présenté Neill au capitaine Perreault, c'est au début, c'est au commencement de septembre ou à la fin d'août. Il n'était pas question d'affaire comme cela du tout. Il n'était pas question de boisson dans ce temps-là, ni rien.

Q. (Interprétation) Comme question de fait, c'est vous qui avez introduit Neill et Hearn au capitaine Perreault, n'est-ce pas?—R. Je sais que j'ai présenté Neill, je ne me rappelle pas clairement si Hearn y était. Il me semble qu'il y était.

Q. (Interprétation) Et Neill et Hearn étaient intéressés dans cette cargaison, qui, plus tard, a été saisie?—R. Je ne sais pas si Hearn était intéressé. Je n'ai jamais dit que Hearn était intéressé.

Q. (Interprétation) Neill n'était-il pas intéressé?—R. Ça m'a bien l'air à cela.

Q. (Interprétation) Vous et Duval êtes allés à St-Sulpice?—R. Je l'ai dit déjà.

Q. (Interprétation) Vous jurez maintenant que vous n'aviez aucun intérêt dans cette cargaison?—R. Je jure que je n'avais aucun intérêt financier, parce que je vous garantis que mes finances étaient courtes.

Q. (Interprétation) Pourquoi n'avez-vous pas dit à Duval que c'était la barge *Tremblay* qui remontait la rivière?—R. Parce que je ne me rappelle pas si je lui ai dit le soir de la saisie ou si je ne lui ai pas dit. Je ne pouvais pas lui dire avant, je ne le savais pas moi-même. Je l'ai su rien que la journée ou la veille, que c'était pour être la barge *Tremblay*, autour de là. Duval était parti pour Rock-Island depuis une dizaine de jours. Je ne l'avais pas revu, Duval, depuis.

Q. (Interprétation) Demandez-vous à ce Comité de croire qu'il n'y avait aucun lien ou rapport entre votre arrangement avec Neill et le propriétaire de cette boisson, pour rencontrer le capitaine Perreault, par l'entremise duquel le nolisement fut effectué, et votre conduite comme dénonciateur en faisant effectuer la saisie de cette cargaison-là, de cette boisson-là par Bisaillon, qui par le fait même retirait cette boisson de la Commission des Liqueurs?—R. Je ne demande au Comité de croire rien. Je rends témoignage simplement.

Q. (Interprétation) C'est tout ce que vous avez à dire à ce sujet?—R. Je ne savais pas. Je n'ai pas donné mon information à Bisaillon, moi, non plus.

M. Donaghy:

Q. (Interprétation) En quelle année avez-vous rencontré pour la première fois cet individu qui était intéressé dans le navire *Istar?*—R. En 1920, je crois, 1919.

Q. (Interprétation) Etait-ce la première fois que vous le connaissiez?—R. Oui, monsieur. Je l'ai connu quand je suis allé demeurer à Montréal-Nord, je ne me rappelle pas de l'année; je crois que c'est en 1919.

Q. (Interprétation) Que faisait-il à cette époque?—R. Il était bourgeois. Il était maire de Montréal-Nord.

Q. (Interprétation) A cette époque-là?—R. Oui, monsieur.

Q. (Interprétation) Quand vous l'avez rencontré pour la première fois? —R. Oui, monsieur.

Q. (Interprétation) Est-ce qu'ils vous ont jamais dit ce qui avait été fait avec la boisson, comment on avait disposé de la boisson?—R. Ç'a été connu plus tard que les Européens ont tout gardé, ont gardé le dépôt. Ils ont dû en disposer, eux, ou la rapporter, je ne saurais le dire.

Q. (Interprétation) Cela ne peut être exact. Est-ce que cet homme Brosseau s'est rendu en Angleterre avant d'acheter cette boisson?—R. Oui, monsieur.

Q. (Interprétation) Combien de temps avant?—R. Si je me rappelle bien, il était parti pour l'Angleterre vers la fin d'octobre ou le commencement de novembre.

Q. (Interprétation) Avait-il été en Angleterre pendant la guerre?—R. Je crois qu'il a été en Europe prendre le vote des soldats.

Q. (Interprétation) Pendant la guerre?—R. Oui, quand les soldats étaient là.

Q. (Interprétation) Ce syndicat a acheté la boisson et l'a payée?—R. Bien non; on avait déposé 7,000 livres sterling.

Q. (Interprétation) Est-ce que ce dépôt ne constituait pas le plein montant de l'achat?—R. Non, pas pour 20,000 caisses de scotch.

Q. (Interprétation) Alors, croyez-vous que les gens d'Angleterre qui vous vendaient cette boisson l'ont rapportée en Angleterre?—R. Ce n'est pas mon idée, non, mais ce n'est pas ma nature de dire ce que je ne sais pas.

Q. (Interprétation) Quelle est votre opinion sur le fait de savoir si cette boisson a été amenée en Canada?—R. Je suis bien certain qu'elle ne l'a pas été.

Q. (Interprétation) Qu'est-ce qui vous fait croire qu'elle n'était pas apportée en Canada?—R. Parce que c'était en hiver et que la rivière St-Laurent n'est pas navigable en hiver.

Q. (Interprétation) Vous êtes d'opinion que cette cargaison n'a pas été déposée quelque part sur la côte de l'Atlantique, soit en Nouvelle-Ecosse?—R. Je n'étais pas à bord. Je ne sais pas ce que les Anglais ont fait avec.

Q. (Interprétation) Qu'est-ce que Brosseau vous a dit au sujet de la disposition de la boisson?—R. Ce que j'ai dit: qu'on avait perdu notre dépôt.

M. Bell:

Q. (Interprétation) Je voudrais savoir,—vous êtes le principl intéressé dans ce commerce qui a été conduit sous le nom de J. E. Bélisle—vous nous avez dit que c'est vous qui signiez les chèques et que Bisaillon a retiré $69,000 comme produit de son placement d'un sixième dans l'espace de trois ans.—R. J'ai dit, moi, que Bisaillon avait retiré $69,000?

Q. (Interprétation) En regardant le dossier, le 12 mai Bisaillon a juré devant le comité, qu'il avait retiré $69,000 comme sa part dans l'entreprise J. E. Bélisle, et que sa part était de $69,000; je voudrais que vous disiez quels étaient les principaux intéressés dans cette entreprise?—R. Bisaillon n'a certainement pas reçu le cinquième de $69,000.

L'hon. M. Stevens:

Q. Just one or two questions, and I will conclude. I have been summarizing your evidence; you went into the Belisle Liquor Company, which resulted in a loss of $15,000, which was paid by Mr. Gélinas; that is correct, is it not?—R. Je n'ai pas dit que c'était une perte. J'ai dit qu'il avait été obligé de combler ce qu'on devait à la banque à la date de la fermeture du compte.

Q. Then you went into the liquor syndicate for smuggling liquor into the States, with three or four other Canadians, resulting in a loss of $28,000; that is correct, is it not?—R. Pas pour moi, le $28,000; pour le syndicat.

Q. It was lost by the syndicate. Then you organized an auto company, and you say you lost $28,000 in that; that is correct, is it not?—R. J'avais $28,000 de parts et la compagnie à fait faillite, alors les parts ne valaient pas cinq cents. C'est une perte de $28,000.

Q. Then in connection with the barge *Tremblay* involving the effort to smuggle into Canada liquor which should have paid a revenue of $240,000; you introduced the owner of the cargo to certain parties, to Captain Perreault, referred to in the making of the chartering party; and you later acted as informant in this thing, which resulted in the seizure of the barge; that is correct, isn't it?—R. Je ne comprends pas cela.

Q. (Interprétation) Et plus tard vous avez agi comme dénonciateur dans cette affaire qui a été la cause de la saisie de cette barge?—R. Aux douanes, oui.

Q. (Interprétation) Et vous admettez aussi avoir vendu à votre beau-frère une automobile importée en contrebande, qui a été saisie subséquemment, à la suite d'une dénonciation, et la récompense du dénonciateur vous fut payée?—R. J'ai dit hier que ce n'était pas mon beau-frère.

Q. Is not St-Germain your brother-in-law?—R. Non. J'ai dit que j'avais vendu le char, mais j'ai dit que je n'avais pas donné l'information.

Q. (Interprétation) Est-ce vous qui avez reçu la récompense?—R. J'ai dit qu'il a pu y avoir une erreur.

Q. (Interprétation) Non, vous avez dit que vous aviez reçu la récompense. —R. Mais j'ai dit aussi que le nom de St-Germain, s'il avait été sur le reçu, je ne l'aurais pas accepté.

Q. (Interprétation) Non, cela vous aurait exposé.

M. Oscar Gagnon:

Q. Dans l'affaire de la barge *Tremblay*, est-ce que vous avez déjà parlé à Bisaillon de la consignation de liqueur qui s'en venait à bord de la barge *Tremblay*?—R. Bien non. J'ai défendu à Duval de lui en parler. Je ne lui en ai pas parlé moi-même.

Q. D'après les renseignements que vous avez sur l'affaire de la barge *Tremblay*, Bisaillon avait-il quelque chose à faire avec cette affaire-là?—R. Non, je ne pense pas; ah non.

Q. Et vous ne vouliez pas qu'il ait rien à faire avec la saisie non plus?—R. Je ne pense pas.

Q. Relativement à l'affaire de la barge *Tremblay*, le capitaine Perreault a dit ici qu'il avait vu en votre possession un chèque de $40,000, endossé par Bisaillon; est-ce vrai?—R. Il a vu des gros chiffres que je n'ai jamais vus moi-même. Nous étions prisonniers sur le train, en compagnie d'un détective qui pourrait vous dire si c'est vrai ou non, ces choses-là. Ensuite, quand je suis arrivé à Québec, on m'a fait mes poches, comme on dit en canadien. On a tout pris ce que j'avais dans mes poches, et s'il y avait eu un chèque comme cela, on l'aurait trouvé dans mes poches.

Q. Comme question de fait, avez-vous jamais donné un chèque de $40,000 à M. Bisaillon?—R. Jamais de la vie.

Q. Pouvez-vous nous dire quel est le plus gros chèque que vous avez fait à son ordre quand vous étiez en affaires avec lui sous le nom de Bélisle?—R.

$2,500, je crois. Le plus gros chèque, au meilleur de ma connaissance, serait un-sixième de $12,500.

L'hon. M. Stevens:

Q. (Interprétation) Bisaillon a admis un chèque de $4,000?—R. Cela se peut que j'aie donné un chèque de $4,000. Je dis que c'est au meilleur de ma connaissance.

M. Gagnon:

Q. Ce commerce que vous faisiez, sous le nom de Bélisle, consistait en quoi? —R. Consistait en liqueurs que nous achetions comme je l'ai dit hier, des marchands de gros de Montréal, comme achetaient des marchands de gros tous les vendeurs autorisés du temps, et comme achetaient auparavant les épiciers. C'est-à-dire la liqueur sur laquelle les droits de douane et d'accise avaient été entièrement payés.

Q. Comme officier de douane, est-ce que vous aviez affaire à l'entrée de cette marchandise-là au Canada?—R. Non, monsieur, pas pour ce qui était pour la livraison locale à Montréal. J'avais affaire à de la marchandise qui passait dans le port, qui arrivait et qui s'en allait dans les ports, comme je l'ai dit encore hier, de l'Ontario, des grands lacs, pour "remanifester" cette marchandise-là, mais celle qui était livrée localement à Montréal n'était pas sous ma surveillance du tout. Je n'avais rien à faire avec cela.

Q. Vous n'étiez pas officier préposé aux entrepôts dans lesquels cette boisson était mise, quand cette boisson arrivait d'Europe?—R. Non.

Q. Et sous le système de vendeurs autorisés, tel qu'il existait dans la province de Québec, il y avait plusieurs maisons de gros qui étaient les agents de compagnies d'importation de boissons; c'était par eux que cette boisson était vendue aux vendeurs autorisés?—R. C'était par les marchands de gros.

Q. Et, nécessairement, vous aviez à transiger avec plusieurs maisons d'importation, dans votre commerce?—R. Certainement.

Q. Vous aurait-il été possible, comme un vendeur autorisé, de sortir de la boisson de ces entrepôts-là, sans que l'importateur et le vendeur autorisé y aient contribué eux-mêmes?—R. Je ne comprends pas bien le sens de votre question, monsieur Gagnon, je ne sais pas où vous voulez en venir avec ça.

M. Calder, C.R.:

Q. Le vendeur autorisé n'avait pas la vente exclusive, en gros, comme l'a aujourd'hui la Commission des liqueurs?—R. Non.

Q. Un particulier pouvait acheter de l'importateur en gros?—R. Certainement.

Q. C'était la vente au détail qui était le privilège exclusif des vendeurs autorisés?—R. C'était la vente au détail.

M. Gagnon:

Q. Ce que je veux savoir de vous c'est s'il aurait été possible que vous auriez pu transiger dans la boisson qui serait entrée au pays sans payer de droits, en faisant affaires par l'intermédiaire des maisons de gros ou d'autres personnes?—R. Non.

Q. Je n'ai qu'une autre question à vous poser, monsieur Brien: en 1920, étiez-vous préposé, soit comme officier d'accise ou de douane, à contrôler l'importation, l'entrée ou la sortie de cette boisson-là des entrepôts?—R. Non.

Q. Quel était le prix approximatif que vous payiez pour ces boissons-là?—R. Ça dépendait de la marchandise. Il y avait de la marchandise qui se vendait dans les $20, d'autres dans les $40, ça dépendait de la qualité. Je me rappelle avoir acheté—c'est comme à la bourse dans le commerce des liqueurs, il y a

des hauts et des bas—je me rappelle avoir acheté 5,000 caisses d'Imperial Rye à $28, pensant qu'elles monteraient à $32. On a été obligé de les vendre à $22. Ça ne payait pas le diable.

(L'honorable M. Stevens pose une question en anglais à laquelle le témoin répond dans la même langue.)

M. Gagnon:

Q. De votre commerce de liqueurs, en 1921, le préjudice pour le département des Douanes aurait été le temps que vous auriez pris du département des Douanes?—R. Je n'en ai pas pris, de temps du département des Douanes.

Q. Ça ne pouvait pas affecter en aucune manière les droits que le département des Douanes pouvait recevoir sur cette marchandise sur laquelle vous transigiez?—R. Non.

L'hon. M. Stevens:

Q. I want to ask you one question. This man, J. E. Belisle's name has been bandied around before the Committee. You laugh, but it is no laughing matter. I want to ask you before you leave the stand, if you can give us, beyond what you did, in giving us the name of Mr. Gelinas, any further evidence that would enable us to locate J. E. Belisle?—R. Je ne vous ai pas donné le nom de Gélinas en rapport avec Bélisle, au meilleur de ma connaissance.

Q. As a partner, can you give us any further evidence?—R. J'ai tout dit ce que je savais, j'ai répondu à toutes les questions posées.

Q. You do not know his address?—R. Dans le moment, non.

Q. (Interprétation) L'avez-vous jamais vu après le 30 avril 1921, quand la compagnie a cessé de faire affaires?—R. Je ne me rappelle pas si je l'ai vu ou pas vu. Il y a bien longtemps. . . Après le 30, je l'ai peut-être vu, quelques jours après.

Le témoin est congédié.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 53—TUESDAY, MAY 25, 1926.

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. J. H. Gauthier, R. &. G. Manufacturing Company, Rock Island, Que.
Mr. H. G. Duncalfe, R. & G. Manufacturing Company, Rock Island, Que.
Mr. Philippe Monette, Barrister, Montreal, Que.
Mr. Arthur Mayer, Montreal, Que.
Mr. Lionel Poirier, Customs Officer, Montreal, Que.
Mr. A. Goyette, Customs Officer, Montreal, Que.
Mr. Bernard Balthazor, Customs Officer, Montreal, Que.
Mr. W. L. Hicklin, Chief Clerk, Preventive Service, Montreal, Que.
Mr. J. A. Laporte, Laporte-Martin Ltd., Montreal, Que.
Mr. J. M. Dickson, Manager, Laurentian Laboratories Ltd., Montreal, Que.
Mr. J. A. E. Bisaillon, Montreal, Que.

OTTAWA
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1926

EXHIBITS FILED

No. 173—Receipts for spirits, etc., extracted from cellar bond at Customs House, Montreal.

No. 174—Receipts for spirits, etc., extracted from cellar bond at Customs House, Montreal.

MINUTES OF PROCEEDINGS

TUESDAY, May 25, 1926.

The Committee met at 10.30 a.m., Mr. Mercier, the Chairman, presiding.

Present: Messrs. Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Père, Stevens—7.

Committee counsel present: Messrs. Calder and Tighe.

The minutes of Friday, May 20, were read and adopted.

A letter was read from Messrs. Hudon, Hebert, Chaput, Ltd., Montreal in reply to the summons issued by the Committee, to furnish certain information regarding liquor transactions with J. A. E. Bisaillon.

Ordered,—That a representative of Messrs. Hudon, Hebert, Chaput, Ltd., appear before the Committee without delay and produce the information asked for in their summons of May 20.

A letter was read from Messrs. Lymans Ltd., pointing out that the summons forwarded to them was addressed to Lyman Bros., and as there was no firm of that name in Montreal it was presumed that it should have been addressed to them. They said that they would forward the information requested by the Committee at the earliest possible moment.

Ordered,—That they be advised when necessary for them to appear.

Moved by Hon. Mr. Stevens,—That the Department of Customs and Excise be requested to file a list of all New Brewery Licenses issued, or renewals or revivals of suspended or cancelled licenses, from August 1st, 1925, to date.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the following be notified by wire, that matters concerning them are coming up before the Committee on Wednesday, May 26th, instant and that they be summoned to attend as witnesses on Friday, May 28th, 1926, at 10.30 a.m.

1. Lee George, 1185 St. James street, Montreal, P.Q.
2. J. P. Bulger, 1185 St. James street, Montreal, P.Q.
3. George Harbert, 1185 St. James street, Montreal, P.Q.
4. J. E. Lally, Customs-Excise Officer, Montreal, P.Q.
5. James Cooper, c/o Gibson Bros., Walkerville, Ont.
6. W. J. Hushion, 1195 St. James street, Montreal, P.Q.
7. C. Harwood, c/o Hiram Walker & Sons Ltd., Walkerville, Ont.
8. C. A. Gentles, c/o D. M. Hogarth, 2 Toronto street, Toronto, or, c/o Bank of Nova Scotia, King and Victoria streets, Toronto.
9. G. A. George, 1185 St. James street, Montreal, P.Q.
10. C. K. Stewart, 650 Durocher avenue, Montreal, P.Q.,

and to have with them before the Committee at the latter date, all books of account, documents of records, cheques, notes and other negotiable instruments; all agreements, covenants, and contracts; all correspondence and copies of correspondence; in any way referring to the following enterprises:—W. George Ltd; Dominion Distillery Products Co., Ltd.; Dominion Distilleries Ltd.; W. J. Hushion; St. George Import and Export Co. Ltd., St. Pierre Miquelon; W.

George Import and Export Co., Ltd., St. John, Newfoundland; United S.S. Co., Ltd.; Harbert Transportation Co., Havana, Montreal; G. Harbert Company, Yokohama, Japan; G. Harbert Company, Havana, Cuba.

Moved by Hon. Mr. Stevens:—That Mr. Wilson be requested to make a precis of the following files:—No. 13832 — P.S.C.S. 5816 — D. M. Carruthers; No. 124384 — Seizure No. 36314-5816; No. 126227. Also files Nos.:—11739 — Ref. Ben Cohen; 37403 — 6346; 37262 — 6288; 37336 — 6331; 37404 — 6347; 37430 — 6359; 37429 — 6358; 37428 — 6357.

Motion agreed to.

Mr. W. F. Wilson, Chief of Preventive Service, Customs Department, submitted,—

Preventive Service file No. 11739—Re alleged smuggling of dresses by the Phoenix Mfg. Co., Montreal.

Customs file No. 125757—Customs seizure of silk fabrics from Benso Silk Co., Montreal.

Customs file No. 125569—Customs seizure of silk from B. J. Cohen, Montreal.

Customs file No. 125669—Customs seizure of silk from B. J. Cohen and Dominion Dress Mfg. Co., Montreal.

Customs file No. 125761—Customs seizure of silk fabrics from Benso Silk Co., Montreal.

Customs file No. 125801—Customs seizure of silk from Miladi Dress Co., Montreal.

Customs file No. 125800—Customs seizure of silk from Model Dress Co., Montreal.

Customs file No. 125709—Customs seizure of silk from the Clarence Dress Co., Montreal.

At the request of Mr. W. F. Wilson, the above mentioned Customs and Preventive Service files were returned to him in order that he might make the necessary precis authorised in the above mentioned motion of the Hon. Mr. Stevens.

At the request of Mr. W. Stuart Edwards, Deputy Minister of Justice, file No. A. 1935-40, being in the cause of the King vs. Disappearing Propeller Boat Company Ltd., was ordered to be returned to the department.

Ordered,—That the manager, Canadian Bank of Commerce, Walkerville, be summoned to appear on Friday, May 28.

H. G. Duncalfe, R. & G. Manufacturing Company, Rock Island, Que., was called, sworn and examined as to the whereabouts of his firm's books.

Witnesss retired.

J. H. Gauthier, R. & G. Manufacturing Company, Rock Island, Que., was recalled, and examined partly in French, interpreted by Mr. Beauchamp, and partly in English, regarding the books of the R. & G. Manufacturing Company. As a result of certain statements made to the Committee, the witness was advised that he would only be discharged after clearance by the auditors to the Committee.

Witnesss retired.

H. G. Duncalfe, R. & G. Manufacturing Company, Rock Island, Que., was recalled and examined as to the evidence given by his partner, Mr. J. H. Gauthier, and he was also advised that he would only be discharged after clearance by the auditors to the Committee.

Witnesss retired.

Mr. Albert Gelinas was called and did not respond. The Clerk of the Committee was ordered to obtain proof of service of the summons, and if necessary, to take further steps to have summons duly served.

Mr. Calder reopened the Lortie-St. George case, and read extracts from reports on the R.C.M.P. files.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Mr. Philippe Monette, Barrister, Montreal, was called, sworn, and examined on the Lortie-St. George Case.
Witness discharged.

Re *Release of Alcohol or Liquor out of Bond, Montreal.*

Mr. Arthur Mayer, Montreal, was called, sworn, and examined in French, interpreted by Mr. Beauchamp.
Witness discharged.

Mr. Lionel Poirer, Montreal, was called, sworn, and examined in French, interpreted by Mr. Beauchamp.
Witness retired.

Mr. Bernard Balthazor, Customs Officer, Montreal, was called, and examined in French, interpreted by Mr. Beauchamp.
Witness discharged.

Mr. Lionel Poirer, was recalled and further examined as to the evidence given by the two previous witnesses.
Witness discharged.

Mr. A. Goyette, Montreal, was called, sworn, and examined, in French, interpreted by Mr. Beauchamp. In the course of the witness's examination he produced for the information of the Committee certain orders for the release of spirits.
Witness discharged.

Mr. W. L. Hicklin, Customs Officer, Montreal, was recalled and examined. During his examination he filed exhibits, 173 and 174, receipts for spirits etc., extracted from cellar bond at Customs House, Montreal.
Witness retired.

Mr. J. A. Laporte, Laporte-Martin Ltd., Montreal, was called, sworn and examined.
Witness discharged.

Mr. J. M. Dickson, Manager, Laurentian Laboratories Ltd., c/o National Drug Co., Montreal, was called, sworn and examined.
Witness discharged.

Mr. J. A. E. Bisaillon, Montreal, was recalled and examined regarding the Lortie-St. George Case.
Witness retired.

The Committee adjourned until to-morrow at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

TUESDAY, May 25th, 1926.

The Special Committee appointed to investigate the Department of Customs and Excise, and charges relating thereto, met at 10.30 a.m., the Chairman, Mr. Mercier, presiding.

H. G. DUNCALFE called and sworn.

By Mr. Calder, K.C.:

Q. Are you in the employ of the R. and G. Manufacturing Company?—A. No, sir, I am one of the owners.

Q. Who are the other owners?—A. Mr. G. H. Gauthier.

Q. Anybody else?—A. No.

Q. What end of the business do you take care of?—A. Manufacturing and mechanical end.

Q. Who looks after the books?—A. Mr. Gauthier.

Q. Exclusively?—A. Exclusively.

Q. Where are the books kept?—A. In the office, in the safe.

Q. In Rock Island?—A. Yes.

Q. None kept in the United States?—A. No, sir.

Q. None?—A. No, sir.

Q. At all?—A. At all.

Q. Do you remember when the auditors came down to your firm?—A. I do.

Q. He had an interview with you and Mr. Gauthier together?—A. No, sir, Mr. Gauthier happened to be out of the office at the time and I interviewed Mr. Nash and some of his staff.

Q. That was an unexpected visit, was it not?—A. More or less.

Q. You had certain records to deliver to Mr. Nash?—A. Are you referring to that interview?

Q. I am referring to the first interview. Were any records, books or documents delivered to them at the time?—A. No, Mr. Nash came into the office and stated they had instructions to audit our books and also said that they came there to obviate the necessity of the books being sent to Ottawa or the firm being sent down and everything would be done in our office.

Q. That was an advantage to you?—A. Certainly.

Q. Were you present when the people acting for Mr. Nash, or Mr. Nash himself were put in possession of the books?—A. No, sir, I am in the factory nearly all the time.

Q. Certain records were present on March 16th and were last seen on that date by Mr. Nash's assistant, and were afterwards displaced, or you dispossessed yourself of these records, and they are missing. Now, have you any suggestion to offer as to their whereabouts?—A. No, sir, I have no knowledge of any books or bookkeeping; I am not familiar with that.

Q. It is your statement, under oath, you do not know where the books have gone?—A. I state that I have no knowledge of the books.

Q. Did the auditors return on May 6th last and ask for these records that had disappeared, and did they ask you where they had gone?—A. No, sir.

Q. They asked Mr. Gauthier?—A. I suppose so.

Q. Did not Mr. Gauthier take up the question with you?—A. No, sir.

Q. Has he never since May 6th expressed any curiosity to you as to where the books had gone?—A. No, sir.

Q. Maybe it was unnecessary?—A. I beg your pardon?

Q. It may have been unnecessary?—A. Our two lines of work are so separate I seldom go into the office, and Mr. Gauthier has to do with the books and I attend to all the manufacturing.

Q. Surely, Mr. Duncalfe, as you are interested as one owner, you must have an interest in the whereabouts of the books—A. I rely on my partner to take care of that end of the business.

Q. Since it became apparent these books have disappeared did you examine any of your employees as to their whereabouts?—A. No.

Q. Who assist Mr. Gauthier in the office?—A. We only have a young lady stenographer who does not take any initiative, but works simply as Mr. Gauthier instructs her.

Q. Since the matter became public, and Mr. Gauthier was held here during the Committee's pleasure, have you asked this young lady whether she knew where the books had gone?—A. I consider it would be useless; she did not take any charge and she would not know.

Q. Nevertheless, she may have had knowledge; did you ask her?—A. No.

Q. What was the nature of the message that Mr. Gauthier sent you by 'phone last week?—A. I got a telephone from Mr. Gauthier requesting me to send all the books in the office, that were in the office.

Q. Did he tell you, at that time, that there were some books that were missing and he wanted these to be found?—A. No, sir, he did not.

Q. Have you brought any books up with you?—A. I have brought one more cheque book. That is the only other book I found in the office.

Q. You have brought that up?—A. Yes.

Q. Will you produce it?—A. Yes.

Q. Will you hand it to the auditor?—A. Yes.

Q. Before Mr. Gauthier was summoned here and after the interview which you had with the auditor's assistant on May 6, did he express any opinion at all to you about the missing books?—A. No, sir.

By Mr. Donaghy:

Q. When did you first find out that the books were missing?—A. I never had any knowledge of the books except through the press notice.

Q. When did you find out the books were missing?—A. I have no knowledge of the books being missing.

Q. You are not answering the question. You are trifling with me. Tell me when you found out that the books were missing?—A. That is, came to my knowledge that they were missing?

Q. Well, give us the date; when did that come to your knowledge?—A. I could not say. I could not tell you the date.

Q. Well, about when?—A. I have really no idea.

Q. Yes, you have some idea; you know whether it was this year, last year, or within a month or two?—A. Within two or three weeks, no doubt.

Q. Who told you they were missing?—A. I learned it from the press reports, in the newspapers.

Q. Two or three weeks ago?—A. Yes, when that was published. I could not tell you the date.

Q. Have you talked with this man Gauthier, your partner, since then?—A. I met him a few minutes ago.

Q. You have not seen him for two or three weeks, until a few minutes ago?—A. I have not seen him since last Wednesday.

Q. You say it is two or three weeks, since you learned it from the press? —A. I am only guessing, by the papers. That is what I am going by.

Q. After learning it in the press, you saw this man Gauthier?—A. Well, if the dates coincide, I did.

Q. Yes, I know you did. What did you and he say to one another about these missing books, when you met?—A. We made no mention about them.

Q. You do not expect us to believe that. Let me tell you frankly, that I do not think you are telling the truth, and nobody with any sense would believe it?—A. I have no knowledge of the books.

Q. I did not ask you that. I tell you again, your are equivocating. What did you and this man Gauthier say to one another when you met for the first time after you learned the books had gone; that is a question you are asked to answer?—A. I do not remember saying anything.

Q. Nobody would believe that answer. Do you realize you are on oath? —A. Yes, sir.

Q. I do not think there is a member of the Committee who believes your answer, or that anybody with any sense would believe it. How old a man are you—A. Seventy.

Q. You are 70 years old?—A. Yes, sir.

Mr. DONAGHY: Well, you are a fine example. I think, Mr. Chairman, we ought to do something with these two men. I think we had better have a sitting in camera to discuss the proper procedure to take with these gentlemen.

By Hon. Mr. Stevens:

Q. These books have been wrongfully removed from your office, and from the jurisdiction of the auditors, and there is not the slightest doubt that you and Gauthier know all about them?—A. Excuse me, sir. I know nothing about them.

Q. You may have wanted to tell Gauthier to go away and you would not know anything about it?—A. No, sir.

Q. It is really absurd to think that two men running a business could have their books disappear, and then come before a Committee like this, and swear that you know nothing about them. The thing is so preposterous that one blushes to think that men of your intelligence would suggest it?—A. I have left all the bookkeeping and everything connected with it to Mr. Gauthier.

Q. We are not disputing that; these books have disappeared from your firm's custody, and there are only two of you in it?—A. Yes, sir.

Q. We require those books, you know we require them, and you know very well that the records examined so far disclose conditions which involve the defrauding of the revenue of the country of a certain sum, and you know that the books, if produced, would lead us to a partial demonstration, at least, of the amount, and those books have been wilfully and wrongfully taken away, or you have hidden them somewhere, or placed them somewhere where they cannot be found. Now, it is a case of trifling with this Committee?—A. I must insist that, personally, I have no knowledge of the books.

Q. Yes, I notice you qualify every answer by saying that you are not acquainted with the book-keeping, and do not know personally about the books. But, you have a pretty good general knowledge of where the books went to, and who handled them?—A. I again say that I have no knowledge of where they have gone, or anything about them.

Q. You probably told them to take them away and not let you know where they are, until this investigation is over?—A. No sir.

The CHAIRMAN: I think we had better leave it with the auditors. I think we should call Mr. Gauthier.

Mr. CALDER, K.C.: I think we should, and give him the notice penitentis.

Mr. DONAGHY: I quite agree with that.

Mr. CALDER, K.C.: I think Mr. Gauthier should be called. He sees that the matter is entirely up to him, and if he is not satisfactory, the Committee can follow Mr. Donaghy's suggestion, sit in camera, and decide what to do with these men. As far as the evidence is concerned, I think Mr. Gauthier should be called now. It is a very short matter to put it up to him finally, and if he is still in contempt, the Committee can report.

Hon. Mr. STEVENS: Meantime, this man Duncalfe remains in the chamber?

Mr. CALDER, K.C.: Yes.

Witness retired.

J. H. GAUTHIER called and sworn.

By Mr. Calder, K.C.:

Q. Now, Mr. Gauthier, you have heard what Mr. Duncalfe has said. Have you any explanation to offer to the Committee as to the present location of the books?—A. All the books? I have, sir.

Q. You have all the books?—A. No sir. I have some information to give.

Q. All right, go ahead?—A. What books have you reference to?

The CHAIRMAN: Show me that list, Mr. Clerk. I am going to put this into the evidence. Here is a list as put in by Mr. Leaver, the auditor, so that you will have no chance to evade it. There is a list filed by the auditors. I think it was last Friday this report of the evidence was given by Mr. Leaver through Mr. Nash, and was accepted by the Committee. Listen to this, Mr. Gauthier:—

"Books and records reported as missing on May 7th, 1926:—

1. Purchase journal for the year 1923, 1924, and 1925.

2. Accounts receivable, transfer ledgers for 1923 and 1924, and certain ledger sheets of the 1925 ledger.

3. 1924 purchase invoices from United States vendors. Additional books and records of the Company inspected by us between March 10th and March 26th, 1926, not in box of books produced to the Committee on 20th May, 1926.

1. Purchase ledger invoices 1924 and 1925.

2. Accounts payable ledger sheets removed from binder by Mr. Gauthier on May 7th for transfers.

3. Sales ledger invoices for the years 1924 and 1925.

4. Bank pass books covering collateral account from 1st February, 1925, to 31st December, 1925, and general account from 1st January, 1925, to December 31st, 1925.

5. Cheque stubs with cancelled cheques attached for withdrawals from the General Account from 1st January, 1925, to 31st December, 1925.

6. Wage book.

7. Sales tax returns for the two years, 1924 and 1925.

8. Income tax returns of partners, Duncalfe and J. H. Gauthier, for the year ending December 31st, 1924, to which are appended copies of the firm's annual statement."

This is signed by George L. Leaver.

You have heard the nomenclature of books missing?—A. Yes, sir.

Q. What have you to answer to that?—A. Could I answer to each one, and I could tell you better one by one. Does that make any difference?

By Mr. Calder, K.C.:

Q. What have you done with the purchase journal for 1923, 1924 and 1925? —A. It is destroyed, but I have a copy.

Q. When was it destroyed?—A. I do not remember.

Q. Was it destroyed between March 16th and May 6th, or between the time the auditor told you to keep them and the time the auditor reported that they were lost?—A. I was sick at that time.

Q. I beg your pardon?—A. I was sick at that time, and somebody destroyed it. I instructed somebody to destroy it.

Q. You were sick at the time, and instructed somebody to destroy it?—A. If I remember rightly; I am not sure.

Q. Whom did you instruct?—A. I do not remember who I instructed, just at present.

Q. Was it the stenographer of your firm?—A. I think it was Mr. Duncalfe.

Q. Did you hear Mr. Duncalfe say at this hearing that he had had nothing to do with the disappearance of those books?—A. I am not sure of that. I am not positive. I cannot say positively if it was Mr. Duncalfe or somebody else. I was sick at the time with the Grippe.

By the Chairman:

Q. Perhaps you destroyed it yourself?—A. That book?

Q. Try to recollect?—A. I do not recollect, exactly. I could not tell just now. I cannot swear to that.

By Mr. Calder, K.C.:

Q. You were going to say that you have a copy of it?—A. I have a copy.

Q. Tell me this, why did you destroy the original and keep a copy?—A. I did not think we needed it any more.

Q. But the auditors told you to keep it, they told you they wanted to see it again?—A. I did not understand it so, but I kept a copy.

Q. Why did you keep a copy? Do you mean to say you went through the labour of taking a copy of the original and then destroyed the original? Is that what you suggest?—A. My suggestion was to keep a copy from 1920 of all Canadian purchases, and American purchases, which we had bought.

By Hon. Mr. Stevens:

Q. Legitimately?—A. No, since 1920.

By Mr. Calder, K.C.:

Q. But why, when you had the record already?—A. That was an idea I had.

Q. Is Mr. Stevens' suggestion the correct one, that you kept the copies only of the justifiable orders?—A. Yes, sir.

Q. That is what you did?—A. Yes, sir.

Mr. DONAGHY: Does he understand that?

Mr. CALDER, K.C.: I will ask it.

M. Calder, C.R.:

Q. M. Stevens a-t-il raison de suggérer que vous avez détruit les originaux et gardé seulement une copie des ordres légitimes?—R. Bien, ce n'est pas mon idée.

Q. Est-ce cela que vous avez fait?—R. J'ai fait cela seulement pour garder mes achats, une copie de mes achats pour 1920 jusqu'à maintenant.

Q. Vous aviez ces achats-là dans les "purchase ledgers" que vous avez détruits?—R. Justement.

Le président:

Q. Avez-vous tout copié vos livres, ou si vous avez passé des pages ou des entrées quand vous les avez copiés?—R. Le "purchase journal" que vous voulez dire?

Q. Avez-vous oublié quelque chose en les copiant ou si vous avez tout copié?—R. C'est ma sténographe qui les a copiés; je ne crois pas.

Q. Quel est son nom?—R. Miss Katheline Clark.

Q. Quelle est son adresse?—R. Rock Island.

Q. Québec?—R. Québec.

(Questions and evidence given in French and translated by Mr. Beauchamp, Official Interpreter.)

By Mr. Calder, K.C.:

Q. Is Mr. Stevens correct, in suggesting that you kept a copy of the legitimate orders from 1920, leaving aside those that were in fraud of the Customs? —A. That was not my idea.

Q. Is that what you did?—A. I did that merely for the purpose of keeping a copy of my purchases from 1920 to the present date.

Q. But these purchases you had a record of, in the very books you destroyed?—A. Exactly.

By the Chairman:

Q. Did you copy the full contents of your books, or did you go over certain pages, and omit certain items?—A. Are you speaking of the Purchase Journal?

Q. Did you omit or forget something, in copying those books?—A. My stenographer copied those books.

Q. Did you omit anything in copying those books?—A. I do not think so.

Q. What is the name of your stenographer?—A. Miss Catheline Clarke.

Q. What is her address?—A. Rock Island.

Q. Quebec?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. I am instructed, Mr. Gauthier, that Mr. Leaver saw you copying some of the books, and told you not to do it; is that true?—A. I do not remember that.

Q. And that he cautioned you at the time, not to destroy the records, at the time he saw you copying them?—A. If I remember, I would say so, but I cannot remember.

Q. Where is the copy you made?—A. It is right on my desk somewhere. I spoke to Mr. Leaver at the time, just a short while ago when I saw him, and I told him that the books were not all there, and he asked me about the purchase journal. I told him I had the sheets copied.

By the Chairman:

Q. Where are those sheets?—A. Right in my office.

Q. In the books here?—A. No, in the office.

Q. Why did you not give an order to send them all here?—A. Mr. Duncalfe was there. I was not there myself.

Hon. Mr. STEVENS: More delightful shuffling.

By Mr. Calder, K.C.:

Q. What about Accounts Receivable transfer ledgers for 1923 and 1924; what about those?—A. We have those.

Q. The originals?—A. The ledger sheets.

Q. The accounts receivable transfer ledgers for 1923 and 1924, have you got those?—A. Yes, I have them.

Q. They are still missing from this box. Where are they?—A. They are somewhere in the shop.

Q. Why should they be in the shop instead of in the office?—A. Well, I put them there.

Q. You put them in the shop?—A. Yes.

Q. Surely you do not keep your records in the shop, among the manufacturing machinery?—A. If I were there, I could tell just where they are.

Q. What has become of the sheets for 1925 that have disappeared from that ledger?—A. The sales ledger, or the purchase ledger?

Q. The ledger sheets of Accounts Receivable in the 1925 ledger, that would be sales?—A. Yes, we have them.

Q. You have some of them. Mr. Leaver states that the file of sheets run down two-thirds in the file between March 16 and May 6?—A. Yes. We transferred them.

Q. Where are they?—A. They are transferred in another binder.

Q. But where are they, is my question?—A. They are in the shop, in another binder.

Q. When you say the shop, you mean the part where the work is done?—A. I think they are in the desk; they were somewhere on the table.

Q. What is that?—A. Mr. Duncalfe did not look in the desk drawer.

Q. Where are the 1924 United States purchases from United States vendors, or from United States sellers?—A. I think they are destroyed.

Q. You know very well that they are destroyed?

By the Chairman:

Q. You destroyed them by fire, or by hiding them?—A. I did not hide them. I did not destroy them; I gave instructions to destroy them.

By Mr. Calder, K.C.:

Q. How, by burning?—A. I don't know how they were destroyed. I gave someone an order to destroy them.

Q. Between March 16th and May 6th?—A. About that.

Q. While the auditor was away?—A. After they were through auditing the books.

Q. And before the auditors came back again to do some more auditing?—A. Of course, I did not know they were coming back to do more auditing.

By the Chairman:

Q. Were those books that were destroyed stamped by the auditor?—A. Yes, sir, I think so.

Q. You destroyed them just the same?—A. Yes, all invoices were destroyed. Old invoices were stamped by the auditor that were destroyed.

By Hon. Mr. Stevens:

Q. In this case, it was invoices of goods sold to you by persons in the United States?—A. Yes, those invoices.

Q. You destroyed them?—A. Yes.

Q. You destroyed invoices that would carry evidence of smuggling, if any invoices would?—A. Those invoices?

Q. Yes.—A. That were destroyed?

Q. Yes, the invoices that were destroyed. You destroyed certain invoices of firms in the United States who sold you the goods?—A. Yes, sir.

Q. I say that these invoices are the very invoices that would contain evidence of smuggling?—A. Yes, sir, some of them.

Q. They would, wouldn't they?—A. Yes, sir.

Q. And by destroying them you destroyed the evidence of smuggling.

L'hon. M. Stevens (Interprétation):

Q. Ces factures établieraient si vous avez commis de la fraude contre la loi des douanes?—R. Oui, celles-là que j'ai détruites, dont il parle, que les auditeurs ont vues étaient étampées. Il y en a d'autres qui ont été détruites qui n'étaient pas étampées.

Le président:

Q. Ce que M. Stevens vous demande à propos de ces factures ou envois qui démontrent vos achats aux Etats-Unis, c'est si, en les détruisant, vous n'enleviez pas au Comité la preuve que vous avez fait de la contrebande.—R. Voyez-vous, j'en ai détruit.

Q. Vous ne répondez pas à la question.

M. Calder, C.R.:

Q. La question est bien précise. Vous avez détruit les envois de maisons des Etats-Unis, n'est-ce pas?—R. Oui, monsieur.

Q. Si vous avez fait de la contrebande, ce sont ces envois-là qui le démontreraient?—R. Oui, monsieur, exactement.

Q. Et ce sont ceux-là que vous avez détruits?—R. Oui, aussi les autres que j'ai détruits qui ont été étampés par les auditeurs.

Le président:

Q. Les droits de douane avaient-ils été payés sur ces marchandises mentionnées dans ces factures?—R. Quelles factures, monsieur.

Q. Les factures que vous avez détruites?—R. Pas toutes. Il y en a, celles qui étaient étampées.

Q. Aviez-vous payé les droits de douane sur ces marchandises-là?—R. Non, je n'ai pas payé les droits de douane.

Q. Vous ne les aviez pas payés sur ces envois?—R. Sur les envois que j'avais détruits?

Q. Oui.—R. Il y en a que j'avais payés. Sur les envois détruits qui étaient étampés par les auditeurs, ceux-là étaient corrects. Les envois étampés par les auditeurs, la douane était payée dessus. Les autres ne l'étaient pas.

By Mr. Calder, K.C.:

Q. The question is very clear-cut; you have destroyed invoices covering purchases from firms in the United States?—A. Yes.

Q. Then, if you did any smuggling, those invoices which you destroyed would establish that fact?—A. Yes, sir, exactly.

Q. Those are the very invoices that you destroyed?—A. Yes. Also the others that I destroyed were stamped by the auditors.

By the Chairman:

Q. Had the Customs Department been paid the duties on the goods mentioned in those invoices?—A. What invoices are you speaking of?

Q. The invoices which you destroyed?—A. Not all.

Q. There are some of those which were stamped; had you paid the Customs duty on those goods?—A. No, I didn't pay the Customs.

Q. You did not pay the Customs on those invoices?—A. On the invoices which I have destroyed?

Q. Yes.—A. There are some invoices on which I had paid the Customs duty. On the invoices which the auditors had stamped, the Customs had been paid on those invoices; the Customs had not been paid on the other invoices.

Mr. CALDER, K.C.: There are some books which have disappeared since May 6th.

Hon. Mr. STEVENS: Do you mean that they have disappeared since they came here?

Mr. CALDER, K.C.: No, there are books which have disappeared, that were still there on May 6th.

By Mr. Donaghy:

Q. Did you use any smuggled goods or merchandise?—A. Yes, sir.

Q. Large quantities of it?—A. I can't state what quantity.

M. Donaghy:

Q. (Interprétation) Vous êtes-vous servi de marchandises importées en contrebande dans votre manufacture, pour la fabrication de vêtements?—R. Oui, monsieur.

Q. (Interprétation) En grande quantité?—R. Je ne pourrais pas dire la quantité.

Le président:

Q. Depuis que vous avez réglé la saisie avec le département, en avez-vous entré?—R. Suivant le compte que nous avons là, le compte numéro 2, à peu près cela.

Q. Comprenez-vous ma question? Avez-vous entré de la marchandise en contrebande, depuis que vous avez réglé la saisie avec le département?—R. Oui, monsieur.

By the Chairman:

Q. Since you made the settlement with the Customs Department, over that seizure, have you smuggled in any goods?—A. According to the account we have there, account No. 2, about that.

Q. Do you understand my question? Did you smuggle in any goods since you made the settlement with the Customs Department following the seizure at your place?—A. Yes, sir.

By Mr. Donaghy:

Q. What is the address of the New England Apparel Company? Where is their place of business?—A. I think they used to do business at Rock Island, for a while. Their place burnt down. I think that is the fellow; I think that is what it is, the New England Apparel Company, who are now occupying the factory where the Globe Suspender Company is; I think so. Unless they started under another name; I am not sure.

Q. Where is that, at Rock Island or Derby Line?—A. Rock Island; I am not positive, I think I have heard the name.

Q. What is the name of the man who owned the New England Apparel Company?—A. It is hard for me to tell; I have heard of a man by the name of Marois. I can not swear to that, whether it is he or not.

Q. Did you get any goods from the New England Apparel Company?—A. No sir.

Q. Did you get any merchandise?—A. No, sir, not that I can remember.

Q. You have already told us that you used goods that were smuggled—

The CHAIRMAN: Since the settlement.

By Mr. Donaghy:

Q. Since the settlement. Where did you buy those goods? From whom did you buy them? What is the name of the concern you bought them from?—A. I purchased some from different factories.

Q. Name one.—A. The Hunter Manufacturing Commission Company.

Q. Their address?—A. New York.

Q. A better address than that; the street and number?—A. I think it is Worth street, New York.

Q. Now, name some other people from whom you bought smuggled goods, and which goods were smuggled into Canada?—A. The Lane Cotton Mills Company.

Q. Their address?—A. New Orleans, Louisiana.

Q. What is their street address in New Orleans?—A. They had an agency in Boston, H. L. McLaren, 183 Essex street, Boston.

Q. What other concern did you buy goods from and smuggle the goods into Canada?—A. A. Stewart Keith and Company.

Q. What is their address?—A. Green and Fayette steet, Baltimore.

Q. What other concerns?—A. J. L. Stifl and Son, Wheeling, West Virginia.

Q. What other concerns? (Witness hesitates).

By Hon. Mr. Stevens:

Q. Moore and Company?—A. Yes sir.

Q. You bought from Moore?—A. Yes sir.

M. Donaghy:

Q. (Interprétation) Vous avez dit tantôt que vous aviez importé de la marchandise en contrebande. De quelle compagnie ou individu aux Etats-Unis avez-vous acheté ces marchandises qui ont été importées sans payer de douane? —R. J'en ai acheté de différentes manufactures.

Q. (Interprétation) Nommez une compagnie ou un particulier de qui vous avez acheté des marchandises?—R. Hunter Mfg. Commission Co.

Q. (Interprétation) Quelle est leur adresse?—R. New-York.

Q. (Interprétation) Une meilleure adresse que cela. Donnez le nom de la rue.—R. Je pense que c'est Worth Street, New York City.

Q. (Interprétation) Nommez d'autres personnes ou d'autres compagnies de qui vous avez acheté de la marchandise?—R. Lane Cotton Mills Co.

Q. (Interprétation) Leur adresse?—R. New Orleans, La.

Q. (Interprétation) A quelle adresse cette compagnie faisait-elle affaires? —R. Elle avait une agence à Boston: H. L. McClaren, 183 Essex, Boston.

Q. (Interprétation) De quelles autres compagnies avez-vous acheté des marchandises aux Etats-Unis, importées en contrebande en Canada?—R. Stewart, Keith ? Co.

Q. (Interprétation) Quelle est l'adresse de cette compagnie?—R. Green and Fayette streets, Baltimore.

Q. (Interprétation) Quelles autres compagnies?—R. J. L. Stifl and Son, Wheeling, West Virginia.

Q. (Interprétation) Quelle autre compagnie?

L'hon. M. Stevens:

Q. (Interprétation) Moore & Co.? Avez-vous acheté de Moore ? Co.?—R. Oui, monsieur.

Q. We have the initials of that firm?—A. These goods came from B. F. Moore.

Q. Nearly all of them?—A. Yes sir.

Q. As well as others?—A. Those names I have mentioned.

Q. Did you ever bring in to Canada any prison-made goods?—A. Not to my knowledge.

Q. Goodman's?—A. No sir.

Q. The Reliance Manufacturing Company?—A. No sir.

Q. You never bought any goods from the Reliance Manufacturing Company?—A. Not our firm. I was with another firm, the Monarch Shirt Company, that has been out of business fifteen years.

Q. They used to have a business?—A. They used to buy through them.

By the Chairman:

Q. Do these American firms have an agent at Rock Island?—A. Their agent came to Rock Island occasionally.

By Mr. Donaghy:

Q. What is the name?—A. Each company had an agent or traveller who came to Rock Island.

Q. Give us their names?—A. It is hard to remember, but I will try to.

Q. Here is something I want to know; how did you get these goods into Canada without paying the duty? What was the scheme or plan, by which you used to smuggle them in without the Customs knowing it; explain the system?—A. We used different methods.

Q. Tell us the one that worked the best?—A. I sometimes used my automobile.

By the Chairman:

Q. Which road did you take to come to the factory?—A. I followed different routes; sometimes used the main street of Rock Island.

Q. During the night or day?—A. Day time; sometimes in the evening.

Q. Did you pass with motor car where there were some Customs Officers?—A. Yes sir.

Q. Did those officers examine your machine?—A. No, I used to go by quietly.

Q. Did not they stop you?—A. No, they did not.

Q. Did they see you pass?—A. I believe they did.

Q. (Interprétation) Quel moyen employiez-vous pour importer des marchandises en Canada sans payer de droits de douane?—R. Différents moyens.

Q. (Interprétation) Lequel était le meilleur?—R. Je me servais de ma machine quelquefois.

Le président:

Q. (Interprétation) Quel chemin suiviez-vous pour venir des Etats-Unis à votre manufacture de Rock Island?—R. Différentes routes. Des fois sur la rue principale, d'autre fois sur l'autre rue.

Q. (Interprétation) Durant le jour ou le soir?—R. Des fois le jour, des fois le soir.

Q. (Interprétation) Avez-vous passé avec votre char à des endroits où il y avait des officiers de douane de faction?—R. Oui, monsieur.

Q. (Interprétation) Est-ce qu'ils examinaient votre machine?—R. Non, je passais tranquillement seulement.

Q. Ils ne vous ont pas arrêté?—R. Non, monsieur.

Q. (Interprétation) Vous ont-ils vu passer?—R. Oui; je crois que oui, toujours.

By Mr. Donaghy:

Q. How much money did it cost you to get this stuff past the Customs officials?—A. Nothing.

By the Chairman:

Q. You never paid a cent to anybody?—A. No, sir, to nobody.

By Mr. Calder, K.C.:

Q. Did you ever hire Seguin, the trucker?—A. Yes, I have; I remember now.

Q. Very often?—A. I hired him.

M. Calder, C.R.:

Q. Vous n'avez jamais payé un officier de douane?—R. Non, monsieur.

Q. Est-ce Séguin qui faisait la plupart de vos transports?—R. Une partie, oui.

Q. Considérable?—R. Bien, assez considérable.

Q. Combien avez-vous payé à Séguin?—R. Je ne pourrais pas m'en rappeler.

Q. En chiffres ronds? (Pas de réponse.)

Le président:

Q. Par voyage? Vous le payiez au voyage, je suppose?—R. Au voyage, bien je ne pourrais pas dire au juste, là.

Q. Etait-il à commission?—R. Il était à tant du morceau. Cela je ne pourrais pas dire. Je ne peux pas me rappeler combien je lui aurais payé.

Q. Payiez-vous Séguin par chèque ou en argent?—R. En argent. La plupart du temps, en argent.

Q. Quel est le plus gros montant que vous avez payé à Séguin, par chèque ou en argent?—R. Une trentaine de piastres, à peu près.

By Mr. Calder, K.C.:

Q. You never paid the Customs officials to let you pass your goods?—A. No sir.

Q. Was it Mr. Seguin who handled the bulk of your imports or consignments?—A. Part of them, yes.

Q. What did you pay Seguin to transport these goods?—A. I cannot recall.

Q. Approximately?

By the Chairman:

Q. You paid him according to the load, or so much per load?—A. By the load; well, I could not state exactly.

Q. Was Seguin paid on a commission basis?—A. He received so much per load. I cannot state exactly as to that. I do not recall exactly what I paid him.

Q. Did you pay by cheque or give the money?—A. Usually I paid him in cash; in money.

Q. What was the largest you paid to Seguin, either in cheque or money?—A. About $30.

Q. Payiez-vous pour la location du "truck" de Séguin, à part cela?—R. Non.

Q. Est-ce que Séguin charroyait pour vous depuis plusieurs années?—R. Non.

Q. Combien de voyages Séguin a-t-il faits pour vous?—R. Je ne puis pas me rappeler.

Q. A peu près?—R. Il n'a pas fait absolument de voyages pour moi.

Q. Une vingtaine, une trentaine, une centaine, combien?—R. A l'entour de trente voyages, je crois.

Q. Pouvez-vous jurer qu'il n'en n'a pas fait plus de cent?—R. Qu'est-ce que c'est?

Q. Qu'avez-vous à répondre?—R. Je ne pourrais pas dire de mémoire.

Q. En tout, combien avez-vous payé à Séguin pour ces voyages?—R. Je ne pourrais pas dire.

Q. A peu près? Si je vous disais que vous lui avez payé $1,000, serait-ce exagéré?—R. Oui, ce serait exagéré.

Q. Si c'est exagéré, combien lui avez-vous payé?—R. (Le témoin ne répond pas.)

Q. Lui avez-vous payé $799, $800 ou moins? C'est facile de se rappeler à peu près combien.—R. A peu près $400, $500, je ne pourrais pas dire au juste; ça peut être plus ou moins.

Q. Did you pay for the hiring of the truck, apart from that?—A. No, sir.

Q. Was Seguin in the trucking business on his own account for several years?—A. No.

Q. How many truck loads did Mr. Seguin handle for you, or how many trips did he make for you?—A. I cannot remember.

Q. Approximately, about how many loads did Seguin go for, twenty- thirty or one hundred?—A. He made probably thirty trips.

Q. Will you swear that he did not make more than one hundred trips for you?—A. What is that?

Q. Can you swear that he did not make more than one hundred trips, or bring more than one hundred loads?—A. What is that?

Q. What have you to answer as to that?—A. I cannot tell you from memory.

Q. What have you paid in all to Seguin for these trips?—A. I cannot say.

Q. Approximately? If I told you you had paid Seguin $1,000, would that be exaggerating?—A. Yes, that would be exaggerating.

Q. If that is exaggerating, what then did you pay him?—A. (No audible answer).

Q. Did you pay him $100 or $800, or more or less, it is easy to recall that?—A. I paid him about $400 or $500, it might be more or less.

By Mr. Donaghy:

Q. What is the name of the Customs Officer who knew these goods were being smuggled in?—A. (No audible answer).

Q. (Interprétation): Quel est le nom du douanier qui savait que ces marchandises étaient importées en contrebande?—R. Ça, je ne pourrais pas dire.

Q. What was the name of the Customs Officer who knew the goods were being smuggled in?—A. I cannot say.

Q. You told me that you came in with a load of silk in the day time and the Customs officer saw you and there was nothing said. You told us that already. I want to know the name of the Officer. Tell me the name of the Customs Officer that did not look at you and let you pass with the load?—A. I could not remember.

Q. Where was he stationed?—A. On the main street; from time to time there were officers there.

Q. They were on the road?—A. Right in the office.

Q. What office?—A. Rock Island Office.

Q. Customs House?—A. Yes.

By the Chairman:

Q. Dou you know their names?—A. The officers?

Q. Yes.—A. Yes, I know all of them.

Q. Tell me the names?—A. There is Lalande, Paquette and Mr. Holmes.

By Mr. Donaghy:

Q. Who else?—A. Mr. Knight, the sub-collector. He has stationed himself at the other office.

Q. Who else? Was it one of these men that saw you going by with the load?—A. They saw me going by, they could not see the load.

Q. You had an automobile?—A. Yes.

By the Chairman:

Q. Did any one of these Customs officers mentioned ever stop you?—A. They stopped me several times; they never found anything in my car.

Q. You said a moment ago you used to pass the Customs officers. They let you pass and never examined you?—A. It happened they looked at my car once or twice, but there was nothing in my car.

Q. They trusted you?—A. Apparently they did.

Q. You told us two ways you got in goods, one by your going yourself and one by Seguin; what was the other way you used to get these goods in?—A. I do not remember any other way.

Q. They all came by automobile or truck?—A. Yes.

M. Donaghy:

Q. (Interprétation) Est-ce que M. Séguin apportait ces marchandises des Etats-Unis à Rock Island, en plein jour?—R. Oui, en plein jour.

Q. The trucker, Seguin, did he bring in his loads in the day time?—A. Yes, in the day time.

Q. Truck or touring car?—A. Truck.

Q. What were Paquette's initials?—A. J. F.

By Hon. Mr. Stevens:

Q. J. F. Paquette?—A. Yes.

Q. What does he do?—A. Customs Officer.

Q. Has he any side line?—A. Yes, the insurance business.

Q. I see that you pay him a cheque on February 9th, 1926; J. F. Paquette, $466.46?—A. Yes, for insurance, for the month of January and part of February. Most of our insurance matured during the months of January and February.

Q. Do you give him all your insurance?—A. Practically.

Q. He does practically all your insurance?—A. Yes.

Q. That is for one month?—A. It is not for one month; the insurance matures, probably eight or ten policies mature in February and we give him a cheque for the whole thing.

By the Chairman:

Q. On the factory?—A. Yes.

Q. Do you own a house in Rock Island?—A. No.

Q. You are renting one?—A. Yes.

Q. This insurance is on the factories?—A. Yes.

By Mr. Donaghy:

Q. Tell me in what buildings you put the load of silk when you brought a load of silk in?—A. I never brought in silk.

Q. (Interprétation) Dans quel édifice, aux Etats-Unis, avez-vous placé les marchandises que vous avez importées en Canada?—R. Dans ma maison et dans la maison de M. Walsh, dans la grange de M. Walsh.

Q. (Interprétation) Quelle sorte de marchandises avez-vous mises dans la grange de M. Walsh?—R. J'ai mis du coton, là.

Q. Or cotton, what building did you get it in in the States?—A. I placed it in my own house, and in Mr. Walsh's barn.

Q. What did you put in Mr. Walsh's barn?—A. I put cotton there.

Q. Did Walsh object to you putting this smuggled stuff in his barn?—A. I don't remember.

Q. Did you have a talk about putting it in?—A. Yes.

Q. You told him you were going to smuggle stuff and you were going to put it in his barn?—A. He knew I was going to smuggle it, I did not tell him really.

Q. He knew it was smuggled goods?—A. He was on the American side.

Q. So the stuff would be put in his barn, and you would go over and load up?—A. Yes.

Q. Where did you put it in Canada?—A. In the factory.

Q. In broad day light?—A. Sometimes, yes, sir.

Q. Most of the time at night?—A. Yes.

By Hon. Mr. Stevens:

Q. I see another cheque for Mr. Paquette in March 6th, 1926; it is made out Mr. J. F. Paquette, $199, marked insurance. That is for insurance too?—A. Yes.

Q. Maturing during that month?—A. Possibly, I could not tell you from memory.

Q. He seemed to do a very nice business with you?—A. Yes.

By the Chairman:

Q. Did you destroy your policies, or did you keep your insurance policies?—A. No, sir.

Q. You have them at hand?—A. They are all at home in the safe, I should say.

Q. You did not destroy them?—A. No.

Q. Will you bring them here?—A. Yes.

Q. Are you sure you will find them?—A. The fire policy is simply on the building.

Q. You can get it?—A. If the bank will let me have them.

Q. Paquette is in the service, how long?—A. Some forty years, I believe.

Q. Is he a Collector or a Sub-Collector?—A. He is a book-keeper in the office.

Q. Of the Customs port?—A. Yes.

Q. Is he the man who goes on the road to examine cars or does he stay in the office?—A. Sometimes he is out on the main street, but very seldom. Ocassionally he replaces any one who is sick or away.

Q. Since how long is he in the insurance business?—A. Ever since I have been in Rock Island.

Q. Does he insure all buildings around there, factories?—A. He does not tell me his business, I could not tell you.

By Mr. Calder, K.C.:

Q. Did you pay your American purchases out of your number two bank account?—A. I beg your pardon?

M. Calder, C.R.:

Q. Vous avez dit que vous avez ouvert deux comptes de banque, payiez-vous votre importation américaine avec votre compte N° 2?—R. Oui.

Q. Ce sont ces chèques que vous n'avez pas montrés aux auditeurs?—R. Exactement.

Q. You told us you had opened two accounts, out of which one do you pay your American importers, was it out of account number two?—A. Yes, sir.

Q. These are the cheques which you did not show to the auditors?—A. Exactly.

By Mr. Donaghy:

Q. What is your partner's name again?—A. H. G. Duncalfe.

Q. Did he raise any objection to you smuggling these goods into Canada?—A. Well, I do not remember for that.

Q. You never remember his objecting?—A. I know he was not in favour of it.

Q. How do you know he was not?—What did he say to you about bringing them in?—A. He never said anything to me.

Q. What makes you think he was not in favour?—A. Well, I imagine so.

Q. You just imagine?—A. Yes.

Q. What makes you imagine that?—A. Well, what makes me imagine that, I think he was not in favour of it.

Q. He knew all the time, but he was not in favour?—A. Yes, of course he did.

Q. When was the last time you smuggled in any of these goods?—A. I do not remember how long ago.

Q. A couple of weeks ago?—A. No.

Q. Did you smuggle any in during the last four weeks?—A. No, sir.

Q. How long is it since you had the last shipment through? (No answer).

The CHAIRMAN: By hand or by truck?

By Mr. Donaghy:

Q. You are too slow for anything. Did you have anything come through this last Winter?—A. A little, yes.

Q. I suppose a little is as good as a feast, was there snow on the ground when you had the last shipment come through?—A. Yes, it was.

The CHAIRMAN: Did you smuggle anything from the 1st of January, 1926? That is very easy to remember.

By Mr. Donaghy:

Q. I think we have got to the root of this whole thing, Mr. Gauthier. You gave instructions to have some of these documents destroyed, because you did not want to get caught smuggling. That is the plain truth you are telling us to-day; is that not right?—A. Yes.

Q. You are making a clear confession here?—A. Yes.

Q. And you are telling the truth?—A. Yes.

Q. You are telling the whole thing?—A. Yes.

Q. So that we have found out now about the missing books. What about this Duncalfe chap here; do you think he is going to tell us the truth to-day, if we bring him back here, this partner of yours? (No answer).

By the Chairman:

Q. Do you confess for both; you can answer that, whether you confess for both, or for yourself only?—A. I confess for myself.

By Mr. Donaghy:

Q. Well, Mr. Duncalfe knew all about this affair, as well as you did, did he not—I am going to call him back; he knew all about you, the same as you did? You had better speak a little faster, or we will change our opinion of you?—A. I must state that he was not in a position to know everything that was going on. No, he was not in that position.

Q. (Interprétation) M. Duncalfe connaissait tout ce qui se passait aussi bien que vous dans votre manufacture, au sujet de votre commerce?—R. Je dois dire qu'il n'était pas en position de tout connaître cela.

Q. Did he raise any objection about destroying some of these documents; what objection did he raise when you said you were going to destroy them?—A. I did not mention anything to him about it.

By the Chairman:

Q. Did you conduct your factory at a loss, or at a profit?—A. At a loss.

By Mr. Donaghy:

Q. You sold too cheap. Here is something else I wanted to ask you. You are prepared to tell us all the truth now, since you have gone thus far?—A. Yes, I am.

Q. Everything we ask you?—A. Yes.

Q. You may make a good impression upon us if you do. I want you to tell me the names of some other people who were smuggling down there. Give me the names of some of them?—A. That is something I cannot prove. I cannot prove anything against anybody else.

Q. Give us the names of anybody else who was smuggling goods in besides Seguin?—A. Well, it is hard for me to tell.

Q. What was the name of that other chap who was in the business down there, you know him perfectly well, come along?—A. There was a man by the name of Leo Walsh, but he lives in Derby Line. He was not smuggling goods.

Q. What did he do?—A. He hauled the goods from some other place to Derby Line.

By the Chairman:

Q. Is he an American?—A. Yes.

By Mr. Donaghy:

Q. He used to haul goods to Derby Line?—A. Yes.

By Mr. Calder, K.C.:

Q. Was all the money paid to account No. 2 used for American imports, or to pay American imports?—A. It was practically all used for that purpose.

M. Calder, C.R.:

Q. Est-ce que tout l'argent payé au moyen du compte N° 2 était pour de l'importation amèricaine?—R. Presque tout.

By Hon. Mr. Stevens:

Q. There are just two or three questions I want to ask. I find in these cheques, Mr. Gauthier—I will just put the list in together—cheques drawn on the Bank of Commerce for Mr. Paquette, who was a Customs officer, as follows:

December 3	$ 48.75
February 9, 1926	266.46
March 6, 1926	199.00
May 19, 1926	98.87
Total	$613.08

You say that was all for insurance?—A. Yes, sir.

Q. Are you quite sure of that?—A. Nothing else that I know of, no sir. Nothing else but insurance. I have the vouchers for all that.

Q. Have you the insurance policies for this?—A. Yes, I have the policies. All of our insurance practically matures in February, January and December,

and he comes in and gives us his bill for insurance, and the vouchers are right in the office, and I can produce them.

Q. Will you take this up with Mr. Nash, and produce the vouchers for these amounts?—A. I will.

Q. And the policies?—A. Yes.

The CHAIRMAN: The Bank will let you have the papers.

By Hon. Mr. Stevens:

Q. One or two other questions. You can probably remember this, because it is quite a large sum. The Wren Cotton Company, of New Orleans?—A. New Orleans, Louisiana.

Q. I notice you got quite an order from them on November 18, 1925, and that you paid them $651.11?—A. Yes, sir.

Q. That would be for cotton goods?—A. Yes, sir.

Q. Did those goods pay duty?—A. Yes.

Q. Quite sure?—A. Yes, I am sure, positive.

Q. You can give Mr. Nash the vouchers for that amount. There is another one for them on December 8, for $390.47; that would be for cotton goods too?—A. For cotton goods, exactly.

By the Chairman:

Q. Did they pay duty?—A. Yes, sir.

By Hon. Mr. Stevens:

Q. Here is a Customs cheque for $70.20, but that would not pay the duty, it would not be enough. You can produce the entries for those, can you?—A. Yes, I think I can. We have everything since the first of the year. These things are all there.

Q. Who are the Scoville Manufacturing Company?—A. They are of Waterbury, Conn., manufacturers of buttons.

Q. They sell buttons to you?—A. Yes.

The CHAIRMAN: Mr. Duncalfe and Mr. Gauthier are referred to the auditors. We will leave them in their care, and they will make a careful examination and ask them certain questions, and when they are through, they will be discharged.

Witness retired.

H. G. DUNCALFE recalled.

By Mr. Donaghy:

Q. Mr. Duncalfe, you are still under oath?—A. Yes.

Q. Did you hear the confession your partner made here this morning?—A. Yes sir, most of it.

Q. You heard it all—did you hear it all?—A. Not quite all. I could not catch quite all.

Q. He made quite a confession of your firm smuggling goods into Canada; you heard that part of it?—A. Yes. I realized that.

Q. And, you realized it before you came here, too?—A. Yes. I have known it.

Q. What is that?—A. I have known it, sir.

Q. Are you prepared to give the auditors all the information they ask you for, to assist in tracing up these smuggling operations?—A. Yes, sir.

Q. After they report upon the result, we may call you back again?—A. All right.

Q. We hope this new leaf you and your partner are going to turn over will be a good one and a clean one?—A. We have already turned it over now.

The CHAIRMAN: You are starting with a new set of books. You are referred to the auditors, Mr. Nash and his partners.

Witness retired.

Mr. CALDER, K.C.: That closes this case for the time being, Mr. Chairman.

Mr. CALDER, K.C.: I am putting in these reports, just to tie up the case generally. This goes over some of the ground; there is some hearsay in it, but so far as I can, I am making it out from my examination, with no hearsay.

With respect to the Customs Department, the man who makes this report is Sergeant Hall, who has been since dismissed from the service. It is merely in order that we may have a connected story before us. Most of what is here has already been put in by admissions from Mr. Bisaillon and Mr. Giroux, on examination as to the facts, and by Mr. Parizeau. The first report is dated August 4, 1920, at Montreal, and reads as follows. (Reads):

"Re Dr. Lortie, Montreal, Drug Traffic

ROYAL CANADIAN MOUNTED POLICE

MONTREAL, QUE., August 4th, 1920.

Quebec District
Montreal
Secret and Confidential
H.Q. Ref. Q. 101/20
D. 9-8-20
Montreal Ref.
Q.C./401

In compliance with instructions, I proceeded to the Customs Building, McGill street, on the morning of the 2nd inst. and interviewed Mr. A. E. Giroux, Tide Surveyor of the Customs Department re above. Mr. Giroux showed me the two trunks in question, which are being kept in safe keeping at the customs building.

These two trunks are new ones and appear to have been recently purchased. One is a traveller's trunk and the other an ordinary one, and are both filled to capacity, except for a few newspapers which were evidently placed to fill the trunks, so as to pack the contents tightly. All the newspapers are of local issue and bear dates of the months of June and July, 1920.

From Mr. Giroux's office, I proceeded to the wharf of the Canada Steamship Company at Victoria pier, and interviewed Mr. L. A. Lapierre, assistant baggageman of the Canada Steamship Company, also Mr. Parizeau, Customs Officer, who has his office at the pier."

The following is a statement made by Mr. Lapierre, baggageman:

"On the morning of the 21st ulto., at about 10.15 a boy aged about 15 years approached me saying he wanted to check two (2) trunks to Cornwall, Ontario, and produced two first class tickets from Montreal to Cornwall, Ont. I went with the boy to the rear of the Customs office where he had unloaded the two trunks and checked them to Cornwall, gave him back the tickets and also baggage check duplicates. While handling the trunks I noticed the contents shook about, and I said to the boy, "What is in the trunks?" To that he replied, "Personal effects." I then said, "They are heavy for personal effects." And he replied, "Well, if there is any extra charge, I will pay you now." I told him there was

no extra charges. He appeared to be "a wise kid" and went on to describe how two women and a man would go to Cornwall with the trunks. He was driving an ordinary wagon (it looked like a grocery wagon, one horse), but I can not say anything more as to description of the wagon or horse.

After he went away, I again lifted the trunks and as the contents shook about, I was suspicious it was whiskey, so went to Mr. Parizeau, the Customs' officer and told him of my suspicion. Mr. Parizeau accompanied me to the trunks and we decided to investigate the contents, so I opened one of them at the request of Mr. Parizeau with one of my keys and found the trunk to contain nothing but small boxes, which were not labelled to show contents. The smell indicated that it was some kind of drugs. On opening the other trunk we also found it contained boxes similar to those in the other trunk.

We then closed the trunks and Mr. "Parizeau" said he would put them in his "bonding room" at the Canada Steamship building, which he did. I was present when two women, answering the description given me by the boy were questioned by Messrs. Parizeau and Giroux and they said they were taking the trunks to a relative of Dr. Lortie, at Cornwall, Ont., for safe keeping, and that Dr. Lortie was in France. I heard them say they had lost the keys of the trunks and that the contents of the trunks was linen and personal effects. They left for Cornwall on the boat which left at 1.30 p.m. I could identify both women if I saw them again, one was about 25 or 30 years and the other about 18 or 19 years, the younger one said she was a sister of Dr. Lortie."

The following is a statement made by Mr. L. D. Parizeau, Customs' officer:—

"On the morning of the 21st of July, at about 10.30 o'clock, I was asked by Mr. Lapierre, assistant baggageman, of the Canada Steamship Company, to inspect two trunks which he had suspicion on. I inspected the trunks in question and found them to contain suspicious looking packages which smelled like drugs. Owing to the suspicion, I communicated with Mr. Giroux, Tide Surveyor of the Customs Department, who came down to the pier and confiscated the trunks and contents. I was present when Mr. Giroux questioned the women. They said they were taking the trunks to Cornwall to a relative of Dr. Lortie, for safe keeping and that Dr. Lortie was in France and was expected back in about a month's time. The younger of the two said she was Dr. Lortie's sister and gave her address as 405 St. Denis street and the older woman said her name was Miss Ethier and her address was 157 St. Denis street. They left on the boat for Cornwall and the purser of the boat has since told me that they went through to Cornwall. I could know them again if I should see them. I also saw the boy, but can not give a description of him or the rig he was driving."

May I draw the attention of the Committee to the fact—I make a point of it in the Lortie case—these two people who merely had a glimpse of Miss Lortie and Miss Ethier were prepared to, and did, eventually identify them.

"With regard to Mr. Giroux, it appears that he visited the Baggage Room at the Canada Steamship Pier, and, with the assistance of Mr. Parizeau, questioned these women. Mr. Giroux informs me that he asked the women what the contents of the trunks were, to which they replied, 'Personal effects.' He then asked them if they had keys to the trunks and, after hesitating for a few seconds, one of them replied that she had lost the keys. He then opened the trunks in the presence of the women and showed them the contents, namely the Narcotic Drugs. They acted

as though they were surprised to find the trunks containing other than personal effects, but Mr. Giroux states that he is satisfied that they had guilty knowledge.

The mere fact of them employing a young boy to deliver the trunks and that a man was connected with the transaction, according to the Delivery Boy's statement, together with the fact that they claimed the keys had been lost, goes to confirm suspicions that they knew what the trunks contained.

I have instructed Reg. No. 9093 to investigate the addresses given by these women and to quietly ascertain if these places are Rendez-vous' for people who may be connected with the Drug Traffic.

It is unfortunate that Mr. Giroux did not see fit to detain these women, that is to notify us or the City Police as the circumstances, as they were, certainly would justify such action. If these women are not the persons they claim themselves to be and were women of the underworld, who may have been employed to convey these trunks from Montreal to Cornwall, it is altogether likely that they will skip out, and as the descriptions obtained from the Customs' officer and the Assistant Baggageman are very vague, it is doubtful if they can be located.

It appears that they went through to Cornwall as the Purser of the Boat has stated that they did not get off at the Canada Steamship Pier at Cornwall, but got off at the Locks East of the Pier.

Special Agent No. 96 advises me that he is personally acquainted with Dr. Lortie's sister and also a Miss Ethier, who is a sister of Elph Ethier, who operates several Drug Stores in Montreal.

It is possible that they are the two women in question. Ethier and Dr. Lortie are both regarded with suspicion in connection with Drugs.

Further enquiries regarding the women will no doubt establish who they are, the result of which will be reported.

(Signed) J. BOUGHTON HALL,
S/Sgt.
Reg. No. 4805.

The COMMISSIONER,
R.C.M. Police,
Ottawa.

Forwarded,—There is no doubt but these women knew the contents of the trunks and if they are the persons known to Special Agent No. 96, he will be able to verify if they left Montreal on the date the Drugs were seized. Further reports will follow.

(Signed) M. BELCHER,
Supt., Commanding Quebec District.

Montreal
4-8-20"

The CHAIRMAN: I understand this report has been read under your primary objection.

Mr. CALDER, K.C.: Yes, there is no hearsay as regards officers of the Customs; what hearsay there is affects other parties. It is repeating in narrative form what has already been stated, practically, here.

The next report is the 19th of August, 1920.

"*Re Dr. Lortie, Montreal Drug Traffic*

ROYAL CANADIAN MOUNTED POLICE
MONTREAL, Que., August 19th 1926.

Quebec District,
Montreal.
Secret and Confidential.
H. Q. Ref. Q. 101/20
D. 26-8-20.
Montreal Ref.
Q.C./4Q1.

With further reference to the above, it has been definitely ascertained that Dr. Lortie is still in France and was last heard from at Lyons, France.

On the 18th instant, Special Agents, 96 and 101, were instructed to investigate further in connection with identity of the two women who left Montreal for Cornwall on the 21st of July, the date on which the trunks containing Drugs were seized.

Upon arrival at the Canada Steamship Pier, by appointment with Mr. Parizeau, Customs' Collector, they met Mr. Bisaillon, Customs' Officer, who appears to have been investigating this case from its commencement. The latter named informed them that he was present and assisted during the interview at the time the women were questioned by Mr. Giroux and Mr. Parizeau. He further stated that about 5 days subsequent to the seizure, he saw one of the women get on one of the Boats of the Canada Steamship Company bound for Quebec City. He further stated that the day on which the trunks were delivered to the Pier, he was called by phone and a lady friend of his advised him personally that the trunks would be delivered to the Pier between 10 and 11 o'clock and that the trunks contained Drugs, the result of which he proceeded to the Pier and arrived shortly after the trunks had been delivered and then made inspection of same, the result of which he made the seizure and later assisted Mr. Giroux to question the women."

The point I am making is, it is exactly the same process as in connection with the barge Tremblay, namely; discovery was made by the steamship agent and communicated to Mr. Parizeau. Bisaillon says he received a message and was proceeding to the wharf, but unfortunately arrived just too late, they had been seized by somebody else.

"In view of the foregoing circumstances and statement of Mr. Giroux together with a memorandum, which is an abstract from the Customs file, forwarded with Mr. Cowan's letter from Ottawa, under date of the 30th ultimo, also statements obtained by me from Mr. Parizeau and Lapierre, as contained in my report of the 4th instant, indicates something strange on the part of Mr. Bisaillon as the statements do not correspond.

Mr. Bisaillon was not inclined to tell all he knew to Special Agents Nos. 96 and 101, and I would respectfully request that Mr. Bisaillon be asked by his Department to submit all the facts known to him in order that we may be in a position to know such facts thereby assisting materially in our investigation.

During the course of the interview by 96 and 101 with Mr. Bisaillon, they requested him to accompany them for the purpose of identifying if or not Miss Ethier, who resides at 1001 St. Denis Street was one of the women suspected. This he volunteered to do and upon arrival at the Ethier residence, Miss Ethier was seen by him and he stated that she was not one of the women in question.

In view of Miss Ethier not being identified it is a question, at present, who the two women actually were and this forces us to confine our efforts to locating and having the two women identified.

I have instructed Nos. 96 and 101 to lay a joint information against two women known to us so far as Miss Ethier and Miss Lortie, but not to specify any particular address. This being done we have our warrents already issued, so that in the event of locating the women, the warrents can be executed without delay.

Mr. Bisaillon further intimated that there were three prominent persons interested in the money invested in the drugs, which have been seized, in the person of a Deputy Minister, lawyer and doctor, and that he was of the opinion, that a permit was in existence authorizing the transfer of these drugs from one point in Canada to another. He also made references to the possibility to the drugs being claimed within thirty days from the date of seizure and it would be shown that they were legally in a possession of the two women whom we are now trying to locate. He further stated he knew where Miss Lortie was at present and declined to say where. He also produced a certificate purporting to have been issued by a doctor showing the result of the analysis of the drugs to be cocaine and morphine.

In view of this analysis having been made, I would respectfully request further instructions if samples of the drugs contained in the trunks should be forwarded to the Department of Health as requested in Mr. Cowan's letter of the 14th instant, copy of which was forwarded from Ottawa under date of the 16th instant.

I have also instructed Nos. 96 and 101 to confine their attention to Mr. Lapierre, Assistant Baggageman seeking to locate and identify the women in question, also the boy who delivered the trunks to the Pier and I anticipate better results from this source.

In view of the circumstances aforementioned, it will be no doubt readily seen that we are at a loss to know just what information the Customs Department are in receipt of and, as Mr. Bisaillon does not appear to disclose all he knows, appears to me to be rather strange and to say the least it is very conflicting, taking into consideration the statement of Mr. Parizeau that, as a result of his inspection and seizure of the goods, he had notified Mr. Giroux, the result of which Mr. Giroux went to the Pier, inspected and seized the drugs and at that time there was no mention of Mr. Bisaillon's intervention.

Further efforts are being made to locate the two women, and if successful will be forthwith apprehended and brought to trial.

I have consulted Mr. Monette, barrister, who has been retained in this case, the result of which I told him that, as soon as the parties were located and the question of identity cleared up, information would be laid. To this Mr. Monette concurred.

Summoning up the whole circumstances as related to me by Nos. 96 and 101, it would appear that Mr. Bisaillon was anxious that they should not be too hasty in further investigating and that he would advise them when the opportune time would arrive whereby action should be taken.

(Signed)

Det. Staff Sergeant.

Reg. No. 4805.

The COMMISSIONER,
Ottawa.

Forwarded:—I cannot understand the circumstances which Mr. Bisaillon relates, specially his failure to disclose details. He appears to be assuming considerable responsibility in connection with this case and his attitude certainly handicaps us in connection with our investigation and as he is not inclined to give us the facts known to him, I would request that the Department of Customs, Ottawa, be requested to call upon him for an explanation. If we knew the woman who 'phoned him it would assist materially.

If he did see one of the women five days subsequent to the seizure, he has apparently withheld this information. He also apparently, withholds information concerning Miss Lortie's whereabouts and unless we can expect co-operation of officers of Customs Department, it is more difficult to bring such cases to a successful conclusion.

(Signed) W. BELCHER,
Sup't. Commanding Quebec District.

Montreal, 19/8/20."

Mr. CALDER, K.C.: The next important report is dated September 14, 1920, the same reference number:

"Re *Dr. Lortie—Montreal—Drug Traffic.*

ROYAL CANADIAN MOUNTED POLICE

Quebec District.
Montreal

MONTREAL, September 14, 1920.

Secret and Confidential.
H. Q. Ref. Q. 101/20
Montreal Ref.
Q. Z./401.

On the afternoon of the 9th instant, Special Agents Nos. 96 and 101 informed me that they had received information from a reliable source at Ile Perrot, that Miss Corinne Lortie had returned to the family summer residence that morning at eleven o'clock. In consequence I accompanied Nos. 96 and 101 by auto to Ile Perrot that night and upon arrival located and arrested Miss Corinne Lortie and brought her to Montreal, accompanied by her sister Florence, the latter requesting to be allowed to accompany her sister. This I consented in view of no matron being available.

Upon arrival at Montreal I arranged whereby Mr. Lapierre, Assistant Baggage Agent of the Canada Steamship Company could see Miss Corinne Lortie and upon being confronted with her he could not identify her as being one of the women in question, but did not say so in the presence of the woman. When further questioned regarding his failure to identify her, Lapierre stated: 'At the time the women were questioned by Messrs. Parizeau and Giroux on the 21st of July I did not pay any particular attention to the youngest woman, but saw the oldest one better, as she, the oldest, did most of the talking and I can positively identify her if I see her again.'

I then got in touch with Mr. Giroux, Customs Officer, on the 'phone and asked him to come to an appointed place to see the woman, to which he, Mr. Giroux replied:—'It would be no use for me to do so as I could

not identify either of the women—I only talked with them for a short time and did not have much opportunity to get a chance to take much notice of them, at the time,' or words to this effect.

As Messrs. Parizeau and Bisaillon are residing out of the city, and it being nearly midnight, I decided not to place Miss Lortie in custody and therefore took her before Mr. J. N. A. Demers, Justice of the Peace, at his residence, No. 1641 Des Erables Street, Montreal, requesting him to admit her to bail under her own personal recognizance.

This Mr. Demers assented to do and Miss Lortie entered into recognizance in the sum of $100 to appear at the City Police Court on the morning of the 17th instant.

Owing to the circumstances on failure on the part of Mr. Lapierre to identify Miss Lortie and the fact that she claimed to have no place to stay at Montreal, I consented to send her with her sister to home at Ile Perrot and instructed chauffeur to return with her. This was at 1 a.m. the 10th instant.

During all the time this woman was in our custody she maintained a defiant and self reliant attitude as if to impress us that we could not and would not be able to have her identified as being the person whom we suspected her to be.

Owing to the circumstances, I instructed Nos. 96 and 101 to proceed to Valleyfield on the 10th instant and interview the young brother of Miss Lortie, who is in attendance at the Valleyfield College and the following is a copy of a report rendered by these Special Agents, also a copy of a written signed statement by Rosaire Lortie which are self explanatory and which establishes beyond doubt that Miss Corinne Lortie and Miss St. Georges are concerned in the shipment of the two trunks in question.

MONTREAL, 10, 1920.

The Misses Ethier and Lortie,
Illicit Drug Traffic.

Further reference to the above, we beg to report that we have today proceeded to Valleyfield, Quebec, and have interviewed at the college, young Rosarie Lortie, fifteen years of age, and brother to Miss Corinne Lortie, 405 St. Denis Street.

We must say at first, that young Rosarie has not been tipped by his parents for he related to us very candidly the circumstances of the carrying of the two trunks from his home to the wharf on the morning of the 21st of July, 1920.

He says that it was Miss St. Georges, sister of Dr. St. Georges, 157 St. Denis, who asked him to go and hire an express wagon at the Bonsecours market, which he did and it was also Miss St. Georges who had the S/S tickets, he claims that he did not know what was in the trunks, and knows very little of the business of his parents.

We attach his written declaration of the said circumstances, which was witnessed by the Rev. G. Bonnier, a professor at the college.

We wish to say that we did not take advantage of his youth for he was very willing to say all he knew."

Nos. 96 and 101.

Translation *Copy*

VALLEYFIELD, September 10th, 1920.

I, the undersigned, certify and declare to have conveyed two trunks from No. 405 St. Denis street and to have conveyed same on the wharf to the sheds of the Canada Steamship Company billed to Cornwall.

I remember well of the circumstances and declare that it was a Wednesday in the forenoon the 21st of July, 1920.

I have conveyed these trunks at the request of Miss St. Georges, sister of Mr. St. Georges, Doctor, and also Miss Corinne Lortie, my sister.

I made that declaration without any threatening or promise of any kind. And I sign

(Signed) R. LORTIE.

Witnesses:
GERASUNE BONNIER, Priest,
Professor at College at Valleyfield.
J. A. McDonald,
P. Fafard.

Since this statement was made, Nos. 96 and 101 have devoted much time to locate Miss St. Georges and on the night of the 13th instant, succeeded in locating her at home. Embodied herein is report of Nos. 96 and 101 in this connection.

MONTREAL 13-9-20.

Miss G. St. Georges—157 St. Denis street.

With reference to the above in connection with the Misses Ethier and Lortie case:—

We beg to report that we have this date at 8 p.m. apprehended Miss St. Georges at her home, and escorted her to Judge Lanctot's residence.

She was accompanied by her brother, Dr. St. Georges, who gave his personal Bond "a verbal agreement" that Miss St. Georges will appear at 10.30 a.m., the 17th instant for Trial before the said Judge Lanctot.

S/Agts. 96 and 101.

In view of the circumstances regarding identification it is my intention to have summons issued to the following persons who actually saw these two women, or the two women who were at the Canada Steamship Pier and who afterwards proceeded to Cornwall as per previous reports:—

Mr. Giroux, Customs' Officer.
Mr. Parizeau, Customs' Officer.
Mr. Bisaillon, Customs' Officer.
Mr. Lapierre, Assistant Baggage Agent Canada Steamship Company,
The Purser of the Canada ss. Rapid Prince.
The Baggageman of the Canada ss. Rapid Prince.
The Ticket Collector of the Canada ss. Rapid Prince.
The Mistress of Dr. St. Georges, who was and is also suspected in connection with the trunks.

By this procedure we will have all the witnesses at the Court, and then bring the identity to a show-down one way or another.

As a result of Mr. Giroux's reply to me via phone as previously referred to, I spoke to Mr. Weldon, Customs Collector by phone and

informed him regarding the circumstances and in reply Mr. Weldon stated that he could not understand Mr. Giroux not being able to identify the woman and would instruct him to do so if requested by me.

If there is any pre-arrangement between all these several witnesses and others known to us whereby they would "Fail to Identify" if called upon to do so, I am of the opinion that this procedure will break down any conspiracy, providing such is the case, as suspected, under the prevailing circumstances.

Further reports will be submitted as this case progresses.

(Signed) J. BOUGHTON HALL,
Det. Staff-Sergt.
Reg. No. 4805.

The COMMISSIONER,
R. C. M. Police,
Ottawa.

Forwarded:—The circumstances point to the fact that we have succeeded in gaining sufficient evidence to warrant our suspicions and that Miss Corinne Lortie and Miss St. Georges are the two women who were to accompany the trunks to Cornwall. The statement and evidence of Rosaire Lortie is valuable and as the boy is a compellable witness will be used as a Witness for the Prosecution.

Montreal.
14-9-20.

(Signed)
Inspt.,
Commanding Quebec District."

Mr. CALDER, K.C.: The rest of the evidence I wish to put in in this case is to be given by Mr. Monette, who will be here at half past three o'clock.

The CHAIRMAN: I understand that all the documents you have read will be filed under reserve?

Mr. CALDER, K.C.: Yes, Mr. Chairman. I would advise in this matter that a proposal had been made to call all those witnesses, but I am advised that a precis will be sufficient, and I put this in by way of a precis, the conduct of the Customs officers to be stated by Mr. Monette from his own personal experience in handling the case.

The Committee adjourned until 3.30 p.m.

AFTERNOON SITTING

The Committee resumed at 3.30 p.m., the Chairman, Mr. Mercier, presiding.

PHILIPPE MONETTE called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Monette, you are a barrister and solicitor practising at the Quebec bar?—A. Yes.

Q. In the City of Montreal?—A. Yes.

Q. In 1920 did you act for the Department of Health, or the Department of Customs, in a prosecution against two women whose names are Lortie and St. Georges?—A. I acted for the prosecution, at the request of the Department of Health.

Q. Did you have occasion, before going into court, to precognosce the Customs officials who were witnesses in the case?—A. It is hard to say, after practically six years time, but I think, before the officers—I can not swear though to that—went into court, I interviewed some of the Customs officers. I am not sure.

Q. Did you interview Mr. Bisaillon?—A. I certainly did see him in court.

Q. But you do not remember whether you precognosced him or not?—A. I do not think I did, because if my recollection serves me right, I had the report of the Mounted Police to hand in which every detail of whatever the witnesses could say was contained.

Q. Which took place on precognition?—A. Yes.

Q. Did you observe any reluctance on the part of Bisaillon to render evidence?—A. To a certain extent, yes.

Q. Did you say to him, at any time, the statements which he is alleged to have made to Staff Sergeant Hall of the Royal Mounted Police, would show those acting and in charge of the case?—A. I can not answer this question off-hand, not having read the depositions for over five years.

Q. Can you tell me whether, at any time, you had copies of the reports made by the Royal Canadian Mounted Police to date, when you were in charge of the case? That is the practice of the Royal Canadian Mounted Police.—A. I am under that impression.

Q. Do you remember whether you put this to Bisaillon or not, as contained in this report;

> "Mr. Bisaillon further intimated that there were three prominent persons interested in the money invested in the drugs, which have been seized, in the person of a Deputy Minister, lawyer and doctor, and that he was of the opinion that a permit was in existence authorizing the transfer of these drugs from one point in Canada to another. He also made reference to the possibility of the drugs being claimed within thirty days of the date of seizure and it would be shown that they were legally in possession of the two women whom we are now trying to locate. He further stated he knew where Miss Lortie was at present and declined to say where. He also produced a certificate purporting to have been issued by a doctor showing the result of the analysis of the drugs to be cocaine and morphine."

—A. I do not recollect having put this question to Mr. Bisaillon.

Q. Did Mr. Bisaillon repeat in your hearing, a statement he is alleged to have made? I see a statement which I read into the record this morning in which Mr. Bisaillon is alleged to have said: "That the day on which the trunks were delivered to the pier, he was called by phone and a lady friend of his advised him personally that the trunks would be delivered to the pier between ten and eleven o'clock, and that the trunks contained drugs, the result of which he proceeded to the pier and arrived shortly after the trunks had been delivered and then made an inspection of same, the result of which he made the seizure and later assisted Mr. Giroux to question the women." Was that statement put to you by Mr. Bisaillon?—A. No.

Q. It was not?—A. I do not think it was for the very reason he was my witness.

Q. You did not put it to him at any time in precognition or in connection with his testimony on the stand?—A. I do not think—you have the depositions and records here.

Q. No, the depositions have not been transcribed. Will you look up the report of November 5 and state whether you included a description of Mr. Bisaillon's attitude, and whether that description as set forth in the report was correct or not?—A. (Referring to document) Yes, I recollect this.

Q. Is that a correct and fair statement of the attitude of Mr. Bisaillon during the trial?—A. This part here.

Q. Let us see what your memory is concerning that. What was Mr. Bisaillon's attitude at the trial?—A. I remember seeing this report by the Sergeant in which he says "during the course of Mr. Bisaillon's evidence, I was sitting beside Mr. Monette, at his request, and prompting him to ask the witness various questions. This apparently did not meet with the approval of Mr. Bisaillon and just as his examination was concluded he looked directly at me and said 'go ahead, shoot away, I am here ready for you.' Mr. Monette replied 'we do not wish to do any shooting,' and to which he replied 'Oh, there has been a lot of shooting going on and I have evidence right here in my pocket to prove it.'"

Q. Were you prompted to ask what the evidence was in his pocket with which he was going to shoot back?—A. No.

Q. You were in a difficult position as he had been called by you?—A. I was in this position, he was my witness and as I stated I did not want to do any shooting. I never thought we could win the case by shooting, so I had enough with the evidence already given to base a sound and good argument.

Q. That was all you were immediately interested in?—A. Yes.

Q. Did you see the report that was sent in by Sergeant Hall, at the time? —A. Yes—no, this is the first time I have seen the report.

Q. No attempt was made, apparently, to secure from Mr. Bisaillon this reserve ammunition which he spoke of when he says "I have evidence right here in my pocket to prove it"?—A. No, I was not interested in that.

Q. Did you yourself report upon the case?—A. Well, after the conviction I put in a report to the Department of Health, on the 7th December, I think.

Q. Will you look at a letter copied into a report of December 14, 1920, and state whether, to the best of your recollection, that is the letter or report which you wrote?—A. Yes, this is a copy of a letter I sent to the Department of Health on 7th December.

Q. I will read the copy provisionally, and will secure the original.

Hon. Mr. STEVENS: The witness admits it.

Mr. CALDER, K.C.: The letter, of which a copy is incorporated in the report from the Superintendent Commanding Quebec District, Royal Canadian Mounted Police, date December 14, reads as follows:

> "*Rex vs. Corinne Lortie and Georgette St. Georges*
>
> MONTREAL, December 7, 1920.
>
> DEAR SIR,—At last, after many hours and days in court trying to beat this case, on Saturday morning December 4, Mr. Justice Lanctot delivered his judgment declaring the two accused guilty and imposed a fine of $500 and costs."

I may say, Mr. Chairman, that I am here faced by the difficulty which will appear. I want to put this question.

By Mr. Calder, K.C.:

Q. Is the formal judgment of Mr. Justice Lanctot reported on the information and complaint?—A. Yes, on the back.

Q. Will you read that formal judgment into the record?—A. Well, there is a formal judgment on the back of the old record, the original I have here:

> "Judgment 4th, 1920.
>
> $500 fine each and costs or three months.
>
> (Signed) H. L."

Initials of Judge Lanctot. Inside the record I find in French—

Q. Read it as it is and then translate it.—A. (Reads in French.)

Les accusés sont trouvés coupables et condamnés à $500. d'amende chacun, les frais, et à défaut, 3 mois de prison chacun; et les drogues confisquées en faveur de la Couronne et devant être retournées au bureau des douanes. Montré cause justifiable de ce faire suivant la loi des douanes, sinon elles devront être détruites.

(Signé) H. LANCTÔT.

Q. This is not the signature on this, that is the signature of the clerk?—A. Yes.

Q. Recording the judgment?—A. Yes.

> "The accused are found guilty and sentenced to $500 fine each and costs and default three months in jail, all the drugs confiscated in favour of the Crown and shall be returned to the office of the Customs. To show good cause to do this according to the Customs law they are to be destroyed."

Q. I suggest the missing word there which is wanted to make sense is that should have been returned to the Customs Office to be held if the Department should show cause, otherwise they would be destroyed?—A. No, I would rather take it as meaning they would have to be returned to the Customs Department if there was anything in the Customs Act to justify such proceedings, otherwise they were to be destroyed.

Q. Now, it is a practice almost invariably followed in the Montreal jurisdiction, especially in the Police Court, that a written judgment is not delivered other than a formal commitment?—A. Well, as a rule there is not a written judgment; a criminal judgment unless it is a question of law, in which case, as a rule, we have a written judgment by the Judge.

By the Chairman:

Q. For a reserve case?—A. Not necessarily; whenever a question of law has been raised which has some bearing on the case, then the Judge, as a rule puts his notes down. When it is merely a question of fact; interpreting the facts, the Judge will never write a judgment or the stenographer will never take any notes of his reason for judgment on the facts.

By Mr. Calder, K.C.:

Q. For the purposes of your report, you noted the comments made by Mr. Justice Lanctot?—A. I do not think I took any notes.

Q. You took a mental note?—A. Yes, I remembered a few days later what he had said.

Q. You have read the letter from your report, and is that correct?—A. Yes.

Q. There are certain comments on the facts here and it is quite evident there is no evidence producible seeing the Judge merely decided the issue and imposed punishmnt. There were certain comments on the facts that were made, but there is no evidence in the shape of a written judgment, and therefore, I am entitled to submit secondary evidence as being the best proof available now.

The CHAIRMAN: You see that has been objected to.

Mr. CALDER, K.C.: There was no evidence before the Committee that there was no written judgment on the facts.

The CHAIRMAN: The judgment we were obliged to take was what was transmitted to the Committee, and in this case we have the judgment that the accused were found guilty and sentenced to pay $500 each and costs, or three months in jail, the goods to be returned to the Department of Customs if permissible according to the Act, and if not they are to be destroyed.

Mr. CALDER, K.C.: That is the judgment as regards Miss St. Georges and Miss Lortie. His Lordship delivered a certain judgment regarding Mr. Bisaillon and certain witnesses, and it is here reported by counsel.

Hon. Mr. STEVENS: I think we ought to have counsel's letter reporting the case read into the record.

By Mr. Calder, K.C.:

Q. I did not know whether I should proceed to read it without first securing permission from the Committee. (Reads):

> "The Judge took over half an hour to explain his judgment and he made clear that the Crown had had a hard case to prove and moreover the witnesses who were in a position to enlighten the Court showed themselves to be reticent. However, he continued, the main witness was discovered through the ability of the Royal Canadian Mounted Police Agents, and this witness, young Lortie, although he began his statement by perjuring himself was at last forced by question to say the truth which later was directly corroborated as far as certain details of the case were concerned. He added that to his mind the two accused were the guilty tools of other people who are at the back of this traffic and he expressed the wish that these people should be brought before the court. He thought it his duty to congratulate the Royal Canadian Mounted Police for the excellent work they did in this case. The drugs, he added, which are valued at $35,000 are to be confiscated in favour of the Crown and shall be returned to the Customs Department if the said Department show any right or claim, according to the Customs Act, otherwise these goods shall be destroyed. Immediately after the judgment notices of appeal were served on the Judge, and upon McDonald, the complainant and myself, and Albain Germain intimated, before sentence was passed, that he wanted a reserve case before the Court of Appeal 'Full Bench,' to have a decision and interpretation of Article 10 of the Opium and Drug Act.
>
> I beg to thank you for the congratulations you so kindly wired me yesterday."

When the Department congratulates you, it is worth noting? Was this taken to appeal?—A. Yes.

Q. And lost by the appellant?—A. Withdrawn.

Q. When the appellant selected another lawyer, Mr. Houle, Mr. Houle withdrew?—A. Yes, in order as he thought to have the right to go to the Superior Court by way of certiorari.

Q. Which was served?—A. Issued, pleaded and decided upon its merits and thrown out by Justice Coderre, on the 31st March, 1921.

Witness discharged.

ARTHUR MAYER called and sworn.

(Examination conducted in French and translated by Mr. Beauchamp, official interpreter.)

By Mr. Calder, K.C.:

Q. Mr. Mayer, you understand English?—A. A little, not very well.

Q. Are you in the Customs service?—A. Yes.

Q. When did you enter the Customs service?—A. On the 8th of September, 1922.

Q. In the Customs Department?—A. Yes, sir.

Q. Under what official were you serving?—A. I was employed under the direction of Mr. Balthazar.

Q. What is Mr. Balthazar's title?—A. Warehouse keeper.

Q. Is there a bond in the Customs house, at Montreal?—A. Yes, there is, in the cellar of the building.

Q. Who had the keys of the excise bond?—A. Mr. Balthazar and Mr. Goyette. There were two keys.

Q. Each official was supposed to have his key?—A. Yes, sir.

Q. And the co-operation or the use of the two keys was required to open the bond?—A. Yes, sir.

Q. What kind of goods were placed in the bond?—A. Goods that were seized.

Q. Did you place all seizures there, or only those seizures which had to do with the Excise. You placed alcohol there?—A. Yes, we placed alcohol there.

Q. Cigarettes also?—A. Yes.

Q. Any other goods besides those named?—A. Those are the only kinds of goods I saw placed there.

Q. Did you have occasion to go to the bond, yourself?—A. Yes.

Q. Had you any occasion to go to the bond?—A. Yes, Mr. Balthazar sent me there with Mr. Goyette, to open the bond, either to take goods into the bond, or to remove goods from the bond.

Q. Did you have occasion to go there to deliver goods to persons who had purchased goods?—A. Yes, sir.

Q. What kind of goods?—A. All kinds of goods that happened to be there,—seized goods that happened to be there.

Q. Did you go and deliver alcohol there, in that manner?—A. Yes, sir.

Q. Do you know to whom that alcohol had been sold?—A. As for myself, I cannot state exactly to whom the alcohol had been sold, because my work only had to do with the opening of the bond, and the closing of the bond.

Q. Do you know to what party, or to what truck driver, the alcohol was delivered and handed over?—A. No, I do not.

Q. Did you yourself see the alcohol taken out of the bond?—A. I saw the alcohol taken out of the bond, but I did not see it taken out of the building.

Q. What disposal was made of the liquor in the building? Was it left on the same floor?—A. The alcohol was taken up to the ground floor.

Q. Did you follow that alcohol when it was taken up to the first floor?—A. No, I did not. Once the alcohol was released from the bond, my work—

Q. Your work was, to close the door?—A. My work was, to close the door, that is all.

Q. There was always an Excise officer with you?—A. Apart from Mr. Goyette and myself, there was an officer with us.

Q. Who was that Excise officer?—A. Most times it was Mr. Poirier.

Q. Did you require or take receipts, at that time?—A. Yes, sir.

Q. Were those receipts handed to you, or to Mr. Balthazar?—A. They were handed to me, and I in turn handed them to Mr. Balthazar.

Q. Do you recollect the sale of alcohol to certain firms in Montreal, which exceeded the value as to quantity?—A. Mr. Poirier once told me that certain quantities of alcohol entered in the bond had been sold to certain firms in Montreal.

Q. Mr. Poirier told you that?—A. Yes.

Q. Under what circumstances was that, but do not state to whom it was sold. We shall later call Mr. Poirier. Could you give us the approximate date when the disposal of these cargoes to certain Montreal firms was mentioned?—A. According to me, I could not assert precisely, it must be about the end of March, April or May.

Q. Would that be in 1925?—A. In 1925.

Q. What quantities were delivered in that manner?—A. On two occasions, I recall, the deliveries comprised between fifteen and twenty tins, possibly more, possibly less.

Q. Was that alcohol?—A. It was supposed to be alcohol.

Q. Do you know from what seizure that alcohol came?—A. The seizure number was always marked on the receipts.

Q. Who gave you those receipts?—A. Mr. Poirier.

Q. Was it Mr. Poirier himself?—A. It was Mr. Poirier himself.

Q. Did you ever get any receipts from a party by the name of Lalande?—A. No. I did not get any receipts from a man named Lalande, at least, I do not recall having received any.

Q. Was there any alcohol removed from the bond which was not sold, but which was to be taken by the officers themselves?—A. Yes. If I remember well, either in the month of May or June, Mr. Bisaillon had another bond opened, and that bond was situated on the third storey. He took the liquor from the seizures, which were downstairs, and had those goods removed to the third floor.

Q. Those were his own seizures?—A. Yes. They were the seizures of the Preventive Service, seizures made by the Preventive Service.

Q. Did that bond exist previously?—A. No, it did not exist.

Q. He had that bond opened, or established?—A. Yes, he had that bond established there.

Q. In order to distinguish his own seizures from those downstairs?—A. Yes.

Q. What kind of goods were taken upstairs?—A. Various sorts of goods. Seizures of liquor and seizures of cigarettes; also, if I remember well, two barrels of whiskey.

Q. Did they remain upstairs?—A. Yes, they remained upstairs, except the two barrels of whiskey. They took those barrels downstairs, and they placed them in the cellar, when he was replaced.

Q. When who was replaced?—A. When Mr. Bisaillon was replaced by Mr. Hunter.

Q. Mr. Hunter did not want to have a separate bond, he had everything removed to the cellar?—A. No, sir. That is not what happened. He only had the two barrels taken down to the cellar. The remaining goods were left upstairs.

Q. Were the barrels gauged before and after their removal?—A. To my knowledge, the barrels of whiskey were not gauged when they were taken upstairs. They were gauged before being taken downstairs.

Q. Do you know if there was a shortage in the quantity of the barrels?—A. I do not know. I was not there myself when those barrels were taken upstairs.

Q. You were not advised of the shortage?—A. No, no mention was made to me about that.

Q. Do you know if those barrels were completely filled when they were taken upstairs?—A. I do not know. I did not roll the barrels. I have only the use of one arm.

Mr. CALDER, K.C.: That is all.

Witness discharged.

ARTHUR MAYER est appelé et assermenté.

M. Calder, C.R.:

Q. You understand English?—R. Je comprends l'anglais, mais j'aime mieux parler en français.

Q. Si je vous posais les questions en anglais, vous pourriez y répondre en français? Ce serait pour sauver une des traductions?—R. J'aimerais mieux en français tout le temps.

Q. Are you in the Customs Service?—R. Oui, monsieur.

Q. When did you enter the Customs Service?—R. Le 8 septembre 1922.

Q. In the Customs department?—R. Oui, monsieur.

Q. Under what officer were you serving?—R. Sous la direction de M. Balthazar.

Q. Quel est son titre, à M. Balthazar?—R. "Warehouse-keeper".

Q. Y a-t-il un entrepôt scellé, un entrepôt d'accise, dans la bâtisse des douanes, à Montréal?—R. Oui, monsieur, dans la cave.

Q. Qui a les clefs de cet entrepôt?—R. M. Balthazar et M. Goyette. Il y avait deux clefs.

Q. Chacun d'eux est supposé avoir sa clef?—R. Oui, monsieur.

Q. Et il faut se servir des deux clefs pour ouvrir le "bond"?—R. Oui, monsieur.

Q. Quelles marchandises mettait-on dans le "bond"?—R. Les saisies.

Q. Toutes les saisies ou seulement les saisies sujettes à l'accise? Vous mettiez l'alcool?—R. L'alcool.

Q. Les cigarettes?—R. Les cigarettes.

Q. D'autres choses, à part cela?—R. Rien que cela, que j'ai vu, moi.

Q. Avez-vous eu l'occasion de descendre au "bond" vous-même?—R. Oui, monsieur.

Q. Pourquoi faire?—R. M. Balthazar, mon chef, m'envoyait avec M. Goyette pour ouvrir le "bond", pour, soit entrer des saisies, ou en sortir.

Q. Est-ce que vous êtes allé là quelquefois aux fins de livrer des marchandises à des gens qui les avaient achetées?—R. Oui, monsieur.

Q. Quelle espèce de marchandise?—R. Toutes sortes de saisies qu'ils avaient là.

Q. Est-ce que vous êtes allé livrer de l'alcool de cette façon-là?—R. Oui, monsieur.

Q. A qui était-ce vendu, cela?—R. Moi-même je ne peux pas vous dire au juste à quelles personnes c'était vendu parce que, moi, mon ouvrage ne consistait qu'à ouvrir le "bond", c'est tout,—et le fermer.

Q. Savez-vous à qui cela a été livré, à quel camionneur?—R. Non, je ne le sais pas.

Q. Avez-vous vu sortir l'alcool vous-même?—R. Je l'ai vu soritr du "bond", mais pas sortir de la bâtisse.

Q. Qu'en a-t-on fait dans la bâtisse? Est-ce qu'on l'a laissé sur le même plancher?—R. On l'a monté au rez-de-chaussée.

Q. L'accompagniez-vous quand il montait?—R. Non, du tout. Un coup qu'il était sorti du "bond", mon ouvrage...

Q. ...consistait à fermer la porte?—R. ...consistait à fermer la porte, c'est tout. Il y avait toujours un officier avec nous, à part moi et M. Goyette, l'officier d'accise.

Q. Quel était cet officier d'accise?—R. M. Poirier, presque toujours .

Q. Preniez-vous des reçus dans ce temps-là?—R. Oui, monsieur.

Q. Ces reçus vous étaient-ils remis à vous, ou à M. Balthazar?—R. Ils étaient remis à moi et je les remettais à M. Balthazar.

Q. Maintenant, vous rappelez-vous de la vente d'alcool à certaines firmes, à Montréal, qui ont dépassé la moyenne en quantité?—R. M. Poirier m'a déjà dit que certaines quantités d'alcool étaient vendues à certaines maisons de Montréal.

Q. M. Poirier vous a dit cela?—R. Oui, monsieur.

Q. En quelle circonstance? Ne dites pas à qui c'était vendu. On va appeler M. Poirier. Pourriez-vous donner la date approximative de ces cargaisons, où mention aurait été faite des firmes de Montréal?—R. D'après moi,—je ne peux pas affirmer,—fin mars, avril et mai.

Q. 1925?—R. 1925.

Q. Quelles quantités ont été livrées comme cela?—R. Par deux fois, que je me rappelle, à peu près de 15 à 20 canistres chaque fois. Peut-être plus, peut-être moins.

Q. D'alcool?—R. C'était supposé être de l'alcool.

Q. Savez-vous de quelles saisies provenait cet alcool?—R. Le numéro des saisies était toujours marqué sur les reçus.

Q. Qui vous donnait les reçus?—R. M. Poirier.

M. Poirier lui-même?—R. Lui-même.

Q. Avez-vous déjà eu des reçus d'un M. Lalonde aussi?—R. Non, je n'en ai pas eu d'un M. Lalonde. Je ne me rappelle pas, toujours.

Q. Y a-t-il eu de la boisson sortie du "bond" qui n'était pas vendue, mais qui devait être prise par des officiers de douane eux-mêmes?—R. Oui, si je me rappelle bien, en mai ou juin M. Bisaillon a eu une autre "bond", au troisième étage. Il prenait la boisson des saisies d'en bas et, ces saisies, il les a montés à son étage.

Q. Ses saisies à lui?—R. Ses saisies à lui, oui, du préventif.

Q. Les saisies du préventif?—R. Préventif.

Q. Est-ce que ce "bond" existait avant?—R. Non, il n'existait pas.

Q. Il l'a fait faire?—R. Il l'a fait faire.

Q. Pour pouvoir distinguer ses saisies de celles d'en bas?—R. Oui, monsieur.

Q. Qu'est-ce qu'on a monté comme cela, en haut?—R. Différentes choses: des saisies de boissons et de cigarettes,et aussi, si je me rappelle bien, deux quarts de whiskey.

Q. Sont-ils restés en haut?—R. Ils sont restés en haut, excepté les deux quarts de whiskey; ils les ont descendus dans la cave, quand il y a eu un remplaçant.

Q. Un remplaçant de qui?—R. Quand M. Bisaillon a été remplacé par M. Hunter.

Q. M. Hunter n'a pas voulu avoir les "bonds" séparés, il a fait tout descendre dans la cave?—R. Non, monsieur, vous ne comprenez pas bien: il a fait redescendre seulement les deux quarts. Le reste est resté là.

Q. Est-ce que les quarts ont été jaugés avant et après leur sortie?—R. Quand il les ont montés, ils n'ont pas été jaugés, à ma connaissance. Ils ont été jaugés avant de descendre.

Q. Savez-vous s'il y avait un déficit?—R. Je ne sais pas. Je ne sais pas combien il y en avait quand ils les ont montés.

Q. On ne vous a pas averti qu'il y avait un déficit?—R. Non, on ne m'en a pas parlé.

Q. Savez-vous s'ils étaient pleins quand ils les ont montés?—R. Je ne sais pas. Ce n'est pas moi. Je ne les ai pas roulés seulement. J'ai rien qu'un bras.

Le témoin se retire.

LIONEL POIRIER called and sworn.

(Examination conducted in French and interpreted by the Official Interpreter, Mr. Beauchamp).

By Mr. Calder, K.C.:

Q. Where were you in 1925, that is, in the Customs Department?—A. Yes, I have been employed there for the last two years.

Q. In what capacity?—A. My position was that of labourman.

Q. In what branch of the department?—A. In the Preventive Service.

Q. Would that be under Mr. Bisaillon?—A. Yes, sir.

Q. Did you remove from the bond in the cellar quantities of alcohol, or other articles under seizure, at the request of Mr. Bisaillon?—A. I do not quite grasp the question.

Q. Did you enter the bond downstairs to get alcohol?—A. Yes, sir.

Q. When was that?—A. On different occasions.

Q. Under whose orders?—A. Well, that alcohol was to be sold to companies dealing in alcohol.

Q. But who gave you the orders to do that?—A. I got the orders at the office.

Q. Who was it, Mr. Hicklin?—A. Mr. Hicklin.

Q. On each occasion?—A. Yes.

Q. Was that alcohol to be sold?—A. Yes, that alcohol was to be sold.

Q. To whom?—A. Laporte-Martin. Apart from that there was a quantity of rubbing alcohol that was sold to the National Drug Company.

Q. Did you sell any alcohol to other firms, for instance, Hudon, Hebert Cie?—A. No, never.

Q. Did you ever sell any to Lyman's?—A. No, sir.

Q. Did you give a receipt on each occasion when you went to get alcohol like that?—A. Yes, sir.

Q. Was there any alcohol removed from the bond for other firms or persons, such as those I have mentioned?—A. No.

Q. For Mr. Bisaillon himself?—A. No.

Q. For other employees, or for the use of other employees?—A. No.

By the Chairman:

Q. You recall Laporte, Martin and the National Drug Company?—A. Yes, Laporte, Martin and the National Drug Company. I believe there are two other firms. On one occasion I was not there, possibly I was there, but there was another officer who went there with the truck.

Q. But you only recall those two firms?—A. Yes, sir. It was more often the firm of Laporte, Martin.

Q. In what year was that?—A. It was—I left there last fall. It was the previous year when I started to work there.

Q. Would that be in 1924?—A. I started to work there on the 2nd of July, 1924, and it was some time in the fall.

Q. It is on the 2nd of July, 1924. You do remember when you started to work there?—A. I believe it was in 1924.

Q. And during the year 1924?—A. I believe so.

Q. During 1925 also?—A. I can't state exactly.

Q. What person can tell us to whom alcohol was sold, apart from those two firms mentioned by you? What officer in the department could give us information as to that?—A. I believe Mr. Bonneteau, on one occasion.

Q. Who was the chief who directed, or had supervision over those sales?—A. Mr. Hicklin.

By Mr. Calder, K.C.:

Q. To whom did you apply before entering the bond?—A. To Mr. Balthazar and Mr. Goyette.

Q. Who each had a key?—A. Yes, a key to enter the bond.

Q. The two keys were required to open the bond?—A. Yes.

Q. Who usually went into the bond with you?—A. Mr. Goyette and Mr. Mayer and two others, I do not remember their names.

Q. If Goyette or Balthazar could not go there, they handed over the keys to some of the employees?—A. Yes, the employees; to the subordinates.

By the Chairman:

Q. Those alcohols which were sold were alcohols under seizure?—A. Yes, sir.

By Hon. Mr. Stevens:

(Examination conducted in English).

Q. Do I understand you to say there were five or six different people who had keys of this bond?—A. No, two persons.

Q. There were two keys?—A. Yes, there were two keys, two locks.

Q. They would lend their keys to other people?—A. To other employees.

Q. Subordinates?—A. Yes.

Witness discharged.

LIONEL POIRIER est appelé et assermenté.

Le président:

Q. Désirez-vous témoigner en français ou en anglais?

Le TÉMOIN: En français.

M. Calder, C.R.:

Q. En 1925 étiez-vous aux douanes?—R. Oui, monsieur ça va faire deux ans.

Q. En quelle qualité?—R. Mon titre, c'était "laborman".

Q. Où? Dans quelle branche du département?—R. Dans le service préventif.

Q. Sous le commandement de M. Bisaillon?—R. Oui, monsieur.

Q. Avez-vous extrait du "bond", dans la cave, des quantités d'alcool, ou d'autres objets sous saisie, à la demande de M. Bisaillon?—R. Je ne comprends pas très bien.

Q. Avez-vous été dans le "bond", en bas, chercher de l'alcool?—R. Oui, monsieur.

Q. Quand?—R. En différents temps.

Q. Sous les ordres de qui?—R. Bien, c'était pour être vendu aux compagnies d'alcool.

Q. Qui vous avait donné l'ordre de faire cela?—R. C'était au bureau.

Q. Qui? M. Hicklin?—R. M. Hicklin.

Q. Chaque fois?—R. Oui, monsieur.

Q. Pour être vendu?—R. Pour être vendu, oui.

Q. A qui?—R. Laporte et Martin. A part cela, on a vendu un lot de "rubbing alcohol" au National Drug.

Q. En avez-vous vendu à d'autres? A Hudon et Hébert?—R. Non, jamais.

Q. En avez-vous vendu à Lymans?—R. Non, monsieur.

Q. Chaque fois que vous alliez chercher de l'alcool comme cela, est-ce que vous donniez un reçu?—R. Oui, monsieur.

Q. Est-ce qu'il y a de l'alcool que vous avez sorti du "bond" pour d'autres personnes que ces firmes-là?—R. Non, monsieur.

Q. Pour M. Bisaillon lui-même?—R. Non, monsieur.

Q. Pour d'autres employés?—R. Non, monsieur.

Q. Pour leur usage?—R. Non, monsieur.

Le président:

Q. Vous vous rappelez Laporte et Martin et The National Drug?—R. Laporte et Martin, National Drug. Il y a deux autres places, je crois. Une fois, je n'y étais pas; peut-être que j'étais là. Voyez-vous, c'est un autre officier qui est allé avec la voiture.

Q. Mais vous vous rappelez seulement ces deux maisons-là?—R. Oui, monsieur. En particulier, ç'a été plus souvent Laporte et Martin.

Q. En quelle année, cela?—R. C'est l'automne passé que je suis parti de ce département-là; c'était l'année avant, quand j'ai commencé.

Q. En 1924?—R. Je suis entré le 2 juillet; c'est vers l'automne.

Q. Le 2 juillet de quelle année? Vous devez vous rappeler? Quand on entre en position, on s'en rappelle?—R. En 1924, je crois.

Q. Et dans le courant de l'année 1924?—R. Je crois en 1925 aussi. Je ne pourrais pas dire au juste, voyez-vous.

Q. Qui pourrait nous dire à qui les alcools ont été vendus à part ces deux firmes-là? S'il y en avait deux autres, qui, dans le département, pourrait nous le dire?—R. Je crois que M. Bonetto y est allé une fois.

Q. Mais vos chefs? Qui faisait le détail de ces ventes-là?—R. M. Hicklin.

M. Calder, C.R.:

Q. A qui vous adressiez-vous avant de descendre au "bond"?—R. A M. Balthazar, à M. Goyette.

Q. Qui avaient chacun une clef?—R. Une clef pour aller au "bond".

Q. Il fallait les deux clefs pour ouvrir le "bond"?—R. Oui, monsieur.

Q. Qui descendait, d'habitude, avec vous?—R. M. Goyette, M. Moyer, je crois, et deux autres dont je ne me rappelle pas le nom.

Q. Si M. Goyette et M. Balthazar ne pouvaient pas descendre, ils confiaient leur clef à quelques-uns de leurs employés?—R. A quelques-uns de leurs employés.

Le président:

Q. Ces alcools qui étaient vendus, c'étaient des alcools sous saisie?—R. Oui, monsieur.

B. Balthazar recalled.

By Mr. Calder, K.C.:

(Examination conducted in French and interpreted by the Official Interpreter, Mr. Beauchamp.)

Q. You are one of the officials in charge of the bond which is in the cellar at the Customs house?—A. Not only that, I am the Principal Clerk in the office, and I attend to that also.

Q. That is part of your duties?—A. Yes.

Q. You have one of the keys?—A. Yes.

Q. Mr. Goyette has the other?—A. Yes; but not now.

Q. That was in 1925?—A. Yes, in 1925.

Q. Who has the keys now?—A. I believe Mr. Hunter has them now.

Q. Only Mr. Hunter?—A. I don't know. Those keys were given to him by the Inspector; I don't know who that person is.

Q. In 1925 you and Goyette had the use of the two keys to enter that bond? —A. Absolutely, but I didn't do it.

Q. Mr. Poirier stated that he applied to you, when he had orders from the chief, for the removal of alcohol from the bond?—A. Yes.

Q. When he applied to you in that manner, did he produce the decision of the Minister authorizing the removal of the alcohol?—A. No.

Q. Then, from that, did you think the alcohol was being removed from the bond with proper authority?—A. I had the receipt when the liquor was removed.

Q. You had a receipt noting that the liquor was taken and by whom?—A. Yes.

Q. Did you have anything, at that date, which would convince you that the person removing the alcohol was authorized to do so?—A. I had no other authority but that.

Q. Did the receipt state what use or disposal was to be made of the alcohol? —A. No.

Q. Then you can not state to what firms the alcohol was delivered?—A. Not at all. I don't think I was there on more than two or three occasions at most; I sent my subordinate there.

Q. And he brought back the receipts?—A. Absolutely.

Q. And these receipts, which were for your protection, you must still have them?—A. Yes.

Q. Have you those receipts with you?—A. Yes sir.

Q. Will you produce them?—A. Yes.

(Witness produces receipts.)

Q. I will summarize these receipts into the record.

A receipt dated August 18th, 1925, signed by L. Poirier, for rubbing alcohol, empty bottles tincture of ginger, and two bottles of reclaimed alcohol.

A receipt dated October 13th, 1925, signed by G. Mercil, for one gallon of spirits.

A receipt dated the 4th of February, 1925, for 212 bottles 16 ounce, 6 bottles 8 ounce, rubbing alcohol, seized from Trans-Canada Pharmical Company, seizure No. 1905, with twelve gallons in bulk, and one drum; apparently delivered to Cosgrove, tender having been accepted by Department.

A receipt dated February 4th, 1925, for 5 barrels of alcohol taken out of bond 23, delivered to Messrs. Lyman Limited, their tender having been accepted by Department; seizure No. 1911, signed Henry McLaughlin, per Conway.

A receipt dated February 2nd, for 50 ounces of alcohol, signed by E. Robert, on order signed by W. S. Weldon, to permit gaugers to take samples.

September 26th, order for delivery of 23 cans of spirits to be delivered to Officer Lalonde, sold to Messrs. Laporte, Martin Limited, by order of the Department, signed W. L. Hicklin, before J. E. Bisaillon.

September 19th, permit to Officer Kearney to take samples. Signed W. L. Hicklin. And charge as follows: Received one box, nine bottles, from John Kearney.

December 2nd, 1924. Receipt signed L. Poirier for 140 gallons of liquor to be delivered to Canadian Vinegar Company from seizures (enumerated by number) made by Officer Masson.

A receipt signed by L. Poirier for the following quantities: 28 gallons from seizure 4218; 20 gallons from seizure 4999; 12 gallons from seizure 4253.

Hon. Mr. STEVENS: All alcohol?

Mr. CALDER, K.C.: Yes, all alcohol.

Mr. DONAGHY: Does it not say who for?

Mr. CALDER, K.C.: No, this one does not.

Hon. Mr. STEVENS: Who is it signed by?

Mr. CALDER, K.C.: L. Poirier.

Receipt February 6th, 1925; 15 cans one gallon, 2 cans five gallons from seizure 4914; 25 cans one gallon, 1 can five gallons, seizure 4460; 7 cans one gallon from seizure 5233; two bags and two boxes said to contain 22 gallons alcohol from seizure 5221; no notation of this position.

Receipt February 6th, re P. S. seizure 3763, receipt signed J. E. Bisaillon for $34.86 for items 4-8 inclusive in connection with Excise seizure 3763, A. B. Labelle, received from Balthazar and Goyette, the goods mentioned in said seizure.

Mr. DONAGHY: According to that Mr. Bisaillon paid the clerk in the warehouse $34.

Mr. CALDER, K.C.: No, he received from Messrs. McEwan and Cameron $34.

Hon. Mr. STEVENS: What for?

Mr. CALDER, K.C.: Items 4-8 inclusive, in connection with the above seizure. Until the seizure. is produced we do not know what it is.

February 17th, seizure 4862, 40 gallons rubbing alcohol. Then there is the receipt of some person whose name I cannot read: "received from Mr. J. E. Bisaillon 40 gallons rubbing alcohol at $1 a gallon."

Hon. Mr. STEVENS: Maybe the witness can tell us whose name it is.

The WITNESS: Piecetto.

Mr. CALDER, K.C.: One gallon spirits from seizure 5519, barge Tremblay, signed L. Poirier.

Receipt for one can, one gallon, containing more or less spirits from seizure 5389, signed L. Poirier.

March 11th receipt for 27 cans of one gallon from seizure 5391, signed L. Poirier.

Receipt March 16th, 1925, for 57 dozen empty bottles and ten bottles rubbing alcohol from seizure, no number, signed Solomon Wise, Montreal.

March 19th, receipt signed L. Poirier for one can, five gallons spirits, seizure 1449; 13 cans five gallons spirits, from seizure 3755; 3 cans, five gallons, one of two gallons, two one gallons from seizure 5273, signed L. Poirier.

Receipt dated March 27th, 1925, for fifteen gallons from seizure 5247, signed L. Poirier.

Receipt dated April 29th, 1925, for fourteen cartons containing each one five gallon tin.

Receipt dated May 1st, 1925, for the following quantities: 28 gallons, 14 gallons, capsuls, two quarts of coal oil, signed L. Poirier.

Receipt dated May 15th, 1925, for 24, 16, 6, 8, 3 gallons respectively from seizure 5538, 5600, 5514, 5430, 5416 and 4918, signed L. Poirier.

May 9th, 1925, receipt for 1½ gallons American alcohol, seizure 5483, 6 gallons spirits 5193, 6 gallons spirits seizure 5366, 6 gallons spirits seizure 3567. Signed L. Poirier.

June 20th, 1925, receipt for 8 bags containing 20 quart bottles of spirits, seizure 4550.

July 21st, receipt for 2-13, 2 cans, five gallons, 13 cans five gallons, said to contain more or less liquor, seizure 5465.

4 cans, five gallon, 4 cans one gallon, from seizure 5468.

Receipt dated July 31st, for various quantities of cigarettes, French tonic, bay rum, matches, stills, parts of stills, twenty tins, one gallon spirits, 18 tins two gallon, three five-gallon tins and cartons of American cigarettes, romance chocolate, 133½ pounds opium. Overalls, smocks, various documents and papers, and two packages containing spirits, signed L. Poirier.

Hon. Mr. STEVENS: What became of these?

Mr. CALDER, K.C.: They were taken to destinations summarized on the sheet.

Mr. DOUCET: Would not that be a transfer from one bond to the other?

The WITNESS: Yes.

By Hon. Mr. Stevens:

Q. This was taken upstairs to the special bond?—A. I do not know, I was not there.

By Mr. Calder, K.C.:

Q. It was received from Mr. Goyette?—A. Yes.

LIONEL POIRIER recalled.

Hon. Mr. STEVENS: Mr. Calder, do I understand that the witness cannot explain these letters?

Mr. CALDER, K.C.: He cannot explain them. He says he does not remember.

Hon. Mr. STEVENS: Do you not think we could shorten this up by calling Mr. Wilson and Mr. Hicklin?

Mr. CALDER, K.C.: I am just at the last one now. I am going to call Mr. Hicklin now, or call Mr. Goyette, who may be able to throw some light upon it, and I will then call Mr. Poirier.

I will translate the gist of this evidence; it will be very long otherwise. The witness has shown several receipts signed by him. Some of them are explained. Those of the 18th of May, June 20th, May 15th, May 1st, March 27th, March 11th, March 11, and March 2nd, and, January 14th all of 1925, he does not recollect what disposal was made of them.

Witness discharged.

BERNARD BALTHAZAR est rappelé et assermenté.

M. Calder, C.R.:

Q. Vous êtes l'un des préposés au "bond" qu'il y a dans la cave du bureau des douanes?—R. Non seulement cela, je suis le commis principal dans le bureau; mais je vais voir à cela.

Q. Ça tombe dans vos fonctions?—R. Oui.

Q. Vous avez une des clefs?—R. Oui.

Q. M. Goyette a l'autre?—R. Oui; pas maintenant.

Q. Dans ce temps-là, en 1925?—R. En 1925.

Q. Qui a les clefs maintenant?—R. M. Hunter, je crois.

Q. Seul?—R. Je ne sais pas. Ça lui a été donné par l'inspecteur, je ne sais pas qui il est.

Q. Dans ce temps-là, en 1925, il fallait que M. Goyette et vous vous serviez de la même clef, ensemble, pour ouvrir le "bond"?—R. Absolument. Mais je ne l'ai pas fait.

Q. M. Poirier a dit qu'il s'adressait à vous, sous les ordres de son chef, M. Bisaillon, lorsqu'il voulait sortir des alcools du "bond"?—R. Oui.

Q. Quand il s'adressait ainsi à vous, produisait-il une décision du ministre pour sortir de l'alcool?—R. Non.

Q. Quelle preuve aviez-vous, alors, que l'alcool sortait du "bond" avec autorisation?—R. J'avais un reçu lorsqu'il sortait.

Q. Un reçu pour constater qui l'avait pris et quand?—R. Oui.

Q. Aviez-vous quelque chose pour vous convaincre que celui qui le prenait, à cette date, était autorisé à le prendre?—R. Je n'avais pas d'autre autorisation que cela.

Q. Est-ce que les reçus montraient ce qu'on devait en faire?—R. Non.

Q. Alors, vous ne pourriez pas dire à quelles firmes ç'a été livré?—R. Pas du tout. Même, je ne crois pas que l'aie été là plus de deux ou trois fois en tout; je n'avais pas le temps, j'envoyais mon subalterne.

Q. Votre subalterne vous rapportait les reçus?—R. Absolument.

Q. Ces reçus, qui étaient pour votre protection, vous devez les avoir encore?—R. Oui.

Q. Les avez-vous ici?—R. Oui, monsieur.

Q. Voulez-vous les produire?—R. Oui, monsieur.

(M. Calder donne lecture en anglais d'un certain nombre de reçus.)

(Après lecture de l'un de ces reçus, M. Calder pose les questions suivantes au témoin.)

Q. De qui est cette signature; est-ce Marcil?—R. Marcil, l'un des employés de Bisaillon.

Q. S. Marcil?—R. Je ne pourrais pas dire. Je crois que c'est J.

(M. Calder continue la lecture des reçus en langue anglaise.)

Le témoin est congédié.

LIONEL POIRIER est rappelé.

M. Calder, C.R.:

Q. Il y a certains reçus ici, monsieur Poirier, où un acheteur probable, ou une destination, est mentionné sur les reçus; il y en a d'autres qui ne portent pas cette mention. Pouvez-vous vous rappeler maintenant ce que vous en avez fait? —R. Certains lots, de gros lots...

Q. (Interrompant) Il y a le reçu du 17 février 1925, ça allait à Picietto. Vous avez le reçu du 14 janvier 1925, pour 60 gallons d'alcool, voulez-vous dire à qui c'est allé?—R. Ce sont trois saisies différentes. On recevait des ordres d'Ottawa, lorsque l'alcool était bon, de le vendre, de prendre des soumissions pour Laporte et Martin; on renvoyait ça à Ottawa, eux autres, après, nous disaient de le vendre.

Q. Seulement, vous avez des reçus, ici, qui les mentionnent, d'autres ne le mentionnent pas. Comment se fait-il que ce n'est pas mentionné, pour qui?—R. Dans tous les cas, M. Hicklin a tous les dossiers.

Q. A qui avez-vous livré cela?—R. D'après moi, c'est M. Hicklin qui pourrait donner les documents, c'est peut-être attaché après les saisies.

Q. Les reçus en date du 6 février 1925 mentionne une quantité assez considérable d'alcool provenant de quatre saisies?—R. Ç'a été vendu à Laporte et Martin.

Q. Vous êtes bien certain?—R. Oui.

Q. Mettez-le de côté, celui-là, gardez l'autre devant vous. A qui est allé le gallon d'alcool mentionné sur le reçu du 2 mars 1925, concernant la barge *Tremblay*?—R. C'est un ordre qu'on avait eu du département.

Q. De livrer cela à qui?—R. Il me semble que c'est à Ottawa. Ce n'est pas moi...

Q. A qui l'avez-vous remis?—R. Je ne me rappelle pas.

Q. Voici un autre reçu en date du 11 mars 1925, pour un gallon d'alcool?—R. Ça se peut que ce...

Le président:

Q. Si vous ne vous rappelez pas, dites-le?—R. Je ne me rappelle pas.

M. Calder, C.R.:

Q. J'ai ici un autre reçu en date du 11 mars 1925, pour 27 gallons?

(Le témoin examine le reçu.)

Q. Si vous ne vous le rappelez pas, passez-le. Celui-ci est en date du 19 mars 1925, pour une quantité d'alcool provenant de trois saisies.—R. Ç'a été envoyé à Laporte et Martin.

Q. Voulez-vous prendre connaissance d'un autre reçu, en date du 27 mars 1925, pour quinze gallons d'alcool?—R. Je ne me rappelle pas.

Q. Voulez-vous prendre connaissance du reçu du 1er mai 1925, pour environ 42 gallons d'alcool, et dire à qui ç'a été livré?—R. Je ne me rappelle pas.

Q. Et celui du 15 mai 1925?—R. Je ne me rappelle pas.

Q. Celui du 19 mai 1925?—R. Je ne me rappelle pas.

Q. Celui du 20 juin 1925?—R. Je ne me rappelle pas.

Q. Celui du 21 juillet 1925?—R. Ça, je me rappelle que ç'a été monté en haut.

Le témoin est congédié.

[Mr. L. Poirier.]

ALFRED GOYETTE called and sworn.

(Examination conducted in French and translated by Mr. Beauchamp, Official Interpreter.)

By Mr. Calder, K.C.:

Q. Mr. Goyette, did you receive receipts also when alcohol was taken from the bond?—A. Yes, sir. The same as Mr. Balthazar received them.

Q. You also obtained a receipt?—A. Yes.

Q. Were you told at that time what the destination of this alcohol was?—A. No, we took the receipts and handed over the goods.

Q. You did not insist that those who brought the receipt showed you some authority for the removal of the goods?—A. No.

Hon. Mr. STEVENS: Has he his receipts with him?

Mr. CALDER, K.C.: He has his receipts; he says they are the same, as he has been checking. There is one missing from his file, and that is all. They are the same as the rest. We can check them up ourselves. They appear to be exact duplicates. I can check them up afterwards. I recognize all these duplicates, apparently. These will be put in one separate envelope, and produced.

Witness discharged.

ALFRED GOYETTE est appelé et assermenté.

Le président:

Q. Parlez-vous l'anglais?—R. Oui.

Q. Désirez-vous rendre votre témoignage en anglais ou en français?—R. En français, s'il vous plaît.

M. Calder, C.R.:

Q. Receviez-vous aussi des reçus quand on prenait des alcools dans le "bond"?—R. La même chose que M. Balthazar.

Q. Vous aviez un reçu aussi pour vous?—R. La même chose.

Q. Vous disait-on, dans le temps, à quoi c'était destiné?—R. Non. On prenait les reçus, on donnait la marchandise.

Q. Vous n'exigiez pas, de la part de ceux qui vous apportaient les reçus, qu'ils vous montrent une autorité pour la disposition des marchandises?—R. Non.

Q. Les avez-vous "checkés" au fur et à mesure qu'on marchait?—R. Oui. Il y en a peut-être un qui manque.

Le témoin est congédié.

W. H. HICKLIN recalled.

By Mr. Calder, K.C.:

Q. Mr. Hicklin, will you look over these various receipts, some of them accompanied by orders, one lot which we will file as exhibit No. 173, and this other lot we will call exhibit 174. In the case of exhibit No. 174, we have been informed by Mr. Poirier for what purpose the alcohols mentioned were withdrawn, and he professed not to remember what was the purpose of with-drawing those in exhibit No. 173. Looking at both, will you say whether they were both drafted by you, with the possible exception of this one, dated February 2nd, which is Mr. Weldon's; will you say whether those were issued by your office, all of them?—A. There is one here by Mr. McLaughlin.

Q. That is of what date?—A. February 4th, 1925. "Deliver five barrels of alcohol, to Lyman Limited."

Q. Go on?—A. The rest are from our office.

Q. Who drafted those?—A. Some of them I think, were typewritten by Mr. Poirier, some by myself, and I notice one here by Miss Roy.

Q. Is it possible for you, by referring to the seizure numbers, and the seizure records, to state what was done with those receipts which are in exhibit No. 173, which were not explained by Mr. Poirier?—A. Yes, I think so, from our files. I am sure from our files we could give you the disposition of every item there.

Q. You will notice on these receipts, even on a large number of those in Exhibit No. 174, and in all of those in Exhibit No. 173, the destination is not mentioned. It would have been better for all parties, would it not, to have stated the destination, that is, who was buying, whether it was to be destroyed, and so on?—A. Yes, it probably would, Mr. Calder, but there was a general understanding between Mr. Balthazar and Mr. Goyette and our own office, that we would give a receipt for whatever we withdrew from the bond. In many cases, it was not brought upstairs at all. The carter was there, and he was taken direct to the vinegar factory, one to McEwen and Cameron, and another to the National Drug Company.

Q. But it would be possible for almost anybody in your office to give a receipt, and take out of the bond quantities of alcohol not afterwards accounted for. Of course he would be taking a risk of ultimate detection, if not of immediate detection?—A. It was customary for Mr. Balthazar to do nothing like that except through Mr. Poirier and myself, and Mr. Poirier used to deal with most of it, although I have dealt with some.

Q. What was done with the alcohols mentioned on these receipts which form Exhibit No. 173?—A. It would be a case of looking up each file, Mr. Calder.

Hon. Mr. STEVENS: Mr. Calder, I do not want to interrupt unduly, but could we not have a statement made of how these were arrived at, and what dispositions were made of them?— This witness could put in that statement under oath.

Mr. CALDER, K.C.: That is satisfactory to myself, if it is satisfactory to the Committee.

WITNESS: Many of the files show stuff sold to McEwen and Cameron, the National Drug Company, and to Laporte & Martin.

The CHAIRMAN: Is there a receipt for each one?

Mr. CALDER, K.C.: I will find that out.

By Mr. Calder, K.C.:

Q. For what purpose were these sold?—A. They were sold to Laporte & Martin for vinegar.

Q. Do you remember the names of any other firms to whom alcohol was sold?—A. The Central Pharmacy, 40 gallons sold at $1 per gallon. I heard that mentioned on one of the receipts.

Q. Will you prepare a precis upon these?—A. Yes.

Q. And under whose authority they were got?—A. In every case the authority is turned down on all these files from Ottawa; first the tender and then the sale.

Q. Will you look over the sheets in Exhibit No. 173, also those sheets in Exhibit No. 174, which do not expressly mention the object of the withdrawal? —A. Yes

Q. And put down the seizure number, the date of the seizure, the person to whom the alcohol was disposed of, for what purpose, for how much, and by what decision of the Department?—A. Well, if I quote their letter to us, accepting the tender, is that sufficient?

Q. Yes?—A. In many of these cases, where it was very inferior alcohol, it was destroyed, on instructions from the Department.

By the Chairman:

Q. Will you give that in your statement?—A. I can get all that from the office in Ottawa.

Q. Instructions will be given to give you all the data possible. Are these all your files?—A. These are from our Preventive office in Montreal. I knew this was coming up, and I wanted to know where they came from.

Mr. CALDER, K.C.: May this witness be free from the general order keeping him here, until the day after to-morrow? There is a very important matter of identification he may make in court to-morrow.

The CHAIRMAN: Perhaps he can prepare the precis. When does he want to leave?

WITNESS: I am leaving on Mr. Calder's instructions to-night.

By Mr. Calder, K.C.:

Q. You will give us the precis the day following?—A. Yes. You will give me the exhibits here in Ottawa?

Mr. CALDER, K.C.: Yes. Under the circumstances, Mr. Chairman, do you think it would be necessary to call representatives of these firms?

The CHAIRMAN: I do not think so.

Mr. CALDER, K.C.: We will not require to hear you, Mr. Laporte, except to know that you are here. Perhaps you might as well clear the matter up altogether.

Witness retired.

JOSEPH LAPORTE called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Laporte, are you a member of the firm of Laporte & Martin?—A. I am.

Q. Did you purchase industrial alcohol from the Customs Department?—A. Some, in 1924.

Q. For what purpose?—A. For the purpose of manufacturing vinegar.

By the Chairman:

Q. You tendered?—A. We tendered.

Q. Your tenders were accepted?—A. Sometimes they were, and sometimes we did not hear anything more about them.

Q. You got the alcohol for the purpose of manufacturing?—A. That is all.

Witness discharged.

J. A. M. DICKSON called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Dickson, you represent here the National Drug Company?—A. I represent the Laurentian Laboratories, Limited, which is a subsidiary of the National Drug Company. We are situated at No. 230 DeCourcelles street.

Q. What is your position?—A. I am the manager of the Laurentian Laboratories, Limited. We handle all manufactured spirits there.

Q. Did you have occasion to buy spirits from the Customs Department?—A. No.

Q. You never purchased any?—A. No, I have not for some years.

Q. When you did purchase it was for manufacturing purposes?—A. Yes.

By the Chairman:

Q. I suppose you tendered?—A. Well, I have not bought any for some years. All the liquor which we have bought during the last few years was either from the Quebec Liquor Commission, or liquor in bond.

Q. You have your own bond?—A. Yes, we have our own bond.

Witness discharged.

JOSEPH ALFRED BISAILLON recalled.

By Mr. Calder, K.C.:

Q. Mr. Bisaillon, at what hour on the 21st of July, 1920, were you advised, first, of the drug seizure which is known as the Lortie and St. Georges seizure? —A. I was advised in the office after Mr. Duval had been advised, because we were in conjunction.

Q. Is that at his office?—A. Yes, sir.

Q. Did you say to anyone connected with the Royal Canadian Mounted Police that you had been notified by phone about going down to make the seizure?—A. That is the only notification I have made, sir.

Q. I am asking you whether you ever stated to the Royal Canadian Mounted Police that you had received a telephone message before the seizure had occurred?—A. No, sir.

Q. Can you tell us why Staff Sergeant Hall would invent that purely gratuitous statement, and then ask your department to take it up with you? —A. I have written the department to that effect, and I have told them I would not interview those men alone.

Q. Can you give me any reason why Staff Sergeant Hall would invent that statement, and then ask your department to take it up with you?—A. I never spoke to Sergeant Hall.

Q. Well, his men?—A. His men, I never saw them alone. You know the reason why; they were well known men.

Q. They are well known now?—A. They were well known at the time.

Q. They were well known then, were they?—A. Yes, sir.

Q. Can you tell me of any correspondence by which you denounced these well known men? You mean well known as crooks, don't you?—A. No, never; it was done by the actual man that was here, Philippe Monette.

Q. I am asking you now?—A. No, I didn't do it.

Q. Can you tell me, now, of any occasion on which you denounced these well known men, to anybody, before the Lortie-St. Georges seizure?—A. No, sir, I never did it.

Q. Did you know they were crooks before the Lortie-St. Georges seizure? —A. Through information.

Q. So it is not true that you received a telephone message?—A. The only telephone message I got was from the wharf, after Mr. Duval had been notified.

Q. It is not true you received a telephone message from a woman?—A. No, sir.

Q. Telling you these trunks would be at the wharf between ten and eleven o'clock, adn they would contain drugs?—A. No, sir.

Q. You appreciate, do you not, that that is exactly the same procedure that was followed in the Tremblay case; because in that case you received notification on the very day of the seizure, and hurried back, but were just too late?—A. That was in writing, sir.

Q. I know; but writing can be written afterwards?—A. That was not written afterwards.

Q. The same as a telephone message can be spoken of afterwards?—A. There was a telephone message came asking for information.

Q. Did you ever tell anybody that you had the address of Miss Lortie, but would not give it?—A. No, sir, I got the address after they had been arrested.

Q. You did not tell anybody that you had that address, before?—A. No, sir.

Q. That is not true?—A. No, sir.

Q. And you only got the telephone number in your little book, afterwards? —A. Yes, afterwards.

Q. Not before?—A. No, sir.

Q. Is there any truth in the statement attributed to you as follows:

> . . . . that there were three prominent persons interested in the money invested in the drugs . . . . in the person of a Deputy Minister, lawyer and doctor, and that he was of the opinion, that a permit was in existence authorizing the transfer of these drugs from one point in Canada to another"?

—A. No, sir, I never did.

Q. That is not true; they invented that?—A. They invented it.

> Q. "He also made reference to the possibility of the drugs being claimed within thirty days from the date of seizure and it would be shown that they were legally in possession of the two women whom we are now trying to locate."

—A. No, sir.

> Q. "He further stated he knew where Miss Lortie was at present and declined to say where."

—A. No, sir.

> Q. "He also produced a certificate purporting to have been issued by a doctor showing the result of the analysis of the drugs to be cocaine and morphine."

Is that true?—A. The Department had the analysis.

Q. The Department had the analysis of those drugs?—A. I know there was an analysis made of those drugs, before going to court.

Q. Did you produce that analysis to the officer?—A. No, sir, I did not produce the analysis to the officer because I did not have it in my possession.

Q. Did you show any doctor's analysis?—A. No, not that I know of.

Q. You say then that Hall was alluding to the analysis of the Department, when he said:

> "He also produced a certificate purporting to have been issued by a doctor showing the result of the analysis of the drugs to be cocaine and morphine."

I put that question to you, and you said that there was an analysis made by the Department?—A. I presume it was; I have seen an analysis made.

Q. You presume it was this analysis?—A. I presume so.

Q. Which you showed to be officers?—A. I do not remember showing it to the officers, because it would cost a great deal of money to get these goods analyzed.

> Q. In view of this analysis having been made I would respectfully request further instructions if samples of the drugs contained in the trunks should be forwarded to the Department of Health as requested in Mr. Cowan's letter of the 14th instant, copy of which was forwarded from Ottawa under date of the 16th instant."

So apparently at that time there had been an analysis made?—A. You are asking me something I won't know; I was in no position to make an analysis myself.

Q. We will come to the point in which you are not opposite a crook. I remember seeing this report by Sergeant Hall, in which he says, "During the course of Mr. Bisaillon's evidence, I was sitting beside Mr. Monette, at his request, and prompting him to ask the witness various questions. This apparently did not meet with the approval of Mr. Bisaillon, and just as his examination was concluded, he looked directly at me and said, 'Go ahead, shoot away, I am here ready for you.' " Is that correct?—A. Yes, sir.

Q. If Hall was trying to convict Miss Lortie and Miss St. Georges, and was prompting Mr. Monette, whom he was instructing as to the questions to be asked you, why should that anger you, unless you were in league with Miss Lortie and Miss St. Georges?—A. I was neither in league—

Q. No, I am not asking you that; why should you be angry, if you were not in league?—A. I was neither in league, nor angry. There are others matters I would like to explain.

Q. Just answer the question?—A. I cant' answer this question. I was neither angry—

Q. Just a moment. Here you are, a witness for the Crown, called by Mr. Monette, and you are being questioned by Mr. Monette, counsel for the Crown; as Sergeant Hall is instructing Mr. Monette as to putting certain questions to you, why should that make you angry?—A. He wanted me to swear it was those people, and I could not swear it was them, it was six months afterwards.

Q. I ask you again, why should that make you angry?—A. That was not what made me angry; it was a previous incident.

Q. What previous incident?—A. When they wanted me to identify a certain lady, namesake of one of these ladies, sister to a prominent druggist in the city of Montreal, and they stipulated that they would be good fish to catch.

Q. You say that because Sergeant Hall is not here to contradict you.—A. What was the cause of his dismissal?

Q. What is the cause of your dismissal?—A. I am here telling you what happened.

Q. How long were you with Miss Lortie and Miss St. Georges in the shed?—A. I never was in the shed.

Q. Did you see them?—A. About two minutes.

Q. You could not identify them?—A. No.

Q. The man on the wharf who saw them a minute and a half could identify them.—A. When I was in charge of the Canada Steamships there was eight hundred or a thousand people running through there every day.

Q. How many ran through with two trunks of narcotic drugs?—A. That is the way I knew it.

Q. That should fix it?—A. The Chief was in charge at the time.

Q. Which Chief?—A. Mr. Giroux and Mr. Parizeau.

Q. And they were in charge?—A. Yes, they made the seizure.

Q. Why did you go?—A. Mr. Giroux was in charge of the wharf.

Q. If Mr. Parizeau and Mr. Giroux were in charge, why did you butt in?—A. I was in charge of the Canada Steamships myself, and I was not butting in. The seizure being made by Mr. Parizeau and Mr. Giroux I had no right to interfere.

Q. You did interfere?—A. I did not; it was only a matter of courtesy to locate them and so Mr. Giroux would see them.

Q. You went to get them on the boat?—A. Yes.

Q. And brought them to Giroux?—A. I do not know whether it was the baggageman or ticket collector.

Q. A moment ago you said you went aboard to locate them and bring them? —A. Yes, I went to bring them.

Q. Did you bring them?—A. No, the ticket collector, or the baggageman.

Q. You were there fully two minutes?—A. Yes.

Q. You knew they had in their possession one of the biggest quantities of drugs ever seized?—A. Nobody knew what it was at the time. We had suspicions it was drugs, that it all. It was not my seizure.

Q. It was not your seizure?—A. No, it was Mr. Giroux's and Mr. Parizeau's.

Q. You did not suggest that they should be arrested, you had the goods?—A. In those days we did not arrest anybody.

By Hon. Mr. Stevens:

Q. Not when they had narcotic drugs?—A. I never made a narcotic seizure, sir.

By Mr. Calder, K.C.:

Q. Now, you said "go ahead, shoot away, I am here ready for you." Mr. Monette replied "we do not want to do any shooting," to which you replied "Oh, there is a lot of shooting going on, I have evidence right here in my pocket to prove it." Let us see that evidence. What evidence did you have to prove there was a lot of shooting going on?—A. They wanted to do some black-mailing.

Q. What evidence did you have?—A. I had protection.

Q. What evidence did you have in your pocket?—A. I had evidence.

Q. What evidence?—A. They wanted to frame up.

Q. What evidence?—A. I had evidence to show.

Q. What evidence?—A. I had them that time.

Q. Tell us what the evidence is.—A. I do not remember just now. I had what we wanted; I was well protected. We knew who we were dealing with.

Q. Tell us what the evidence was?—A. I do not remember.

Q. Was it a letter?—A. It must have been a letter.

Q. From whom?—A. I don't remember the names now.

Q. To whom?—A. It was to me.

Q. To whom was it written?—A. It was written to me, sir.

Q. By whom?—A. I don't remember.

Q. By Sergeant Hall?—A. No, I do not think it would have been by Sergeant Hall.

Q. By Fafard?—A. I do not think so.

Q. By McDonald?—A. I do not think so.

Q. If it was not by either of the three, who was it by?—A. I do not know.

Q. They were the only ones interested in the prosecution?—A. Yes, they were the only men in the frame-up.

Q. Who?—A. They were the only men who tried to frame certain parties.

Q. What parties?—A. Miss Ethier.

Q. At the time they thought Miss Ethier was the person who turned out to be Miss Lortie?—A. No.

Q. A report read here this morning stated that Sergeant Hall thought the person concerned was Miss Ethier, he found out his mistake, and she was identified as Miss St. Georges. If he was trying to frame Miss Ethier, why did he state in his report that he was mistaken?—A. I never saw Sergeant Hall when Sergeant Hall made that statement.

Q. How did they propose to frame her?—A. One evening they came over and asked me to identify a certain lady on Dorchester street.

Q. You call that framing?—A. They had the address of a certain lady under the name of Ethier, and they thought it was was her that was implicated, so they went to the place and I says, "it is not this lady, it is a big tall lady," I said, "the other is a small girl, it is not the same lady," and they were feeling

pretty good, and they thought it would be good fish to catch as they would not stand no publicity. The brother was well known and had several drug-stores.

Q. Who said that?—A. These men.

Q. Which one?—A. Fafard.

Q. And?—A. McDonald was with him.

Q. Is that the man, Fafard, who went to jail?—A. He is in jail at the present time.

Q. Had they written a letter to that effect; had they written to the effect that they were going to frame this woman?—A. Now, Mr. Calder—

Q. Had they?—A. No.

Q. What was the letter about?—A. I had someone who heard the conversation when the offer was made.

Q. Who was that?—A. I had a letter at the time.

Q. Who was it?—A. I do not remember now.

Q. This letter was written to you?—A. It was protecting myself, I knew who I was dealing with.

Q. This letter was written by this person reporting a conversation?—A. It was an affidavit; a regular declaration.

Q. Was this person present when the proposition was made?—A. He was not very far from it.

Q. Where was he?—A. In the next room.

Q. Who brought him there?—A. I did.

Q. You were called upon to come and identify someone, and you did not know who that somebody was, before you went there?—A. No, sir.

Q. It might have been the right person?—A. It was the right person.

Q. It might have been the right person, but when you started out you did not know it?—A. No sir.

Q. Notwithstanding you secured somebody to go down, to be in the next room?—A. Yes.

Q. Did they tell you where it was going to be?—A. No sir. They did not tell me where it was going to be. The proposition was made elsewhere.

Q. Where?—A. In my own home.

Q. Was this person who was going to make an affidavit, a member of your family?—A. No, sir.

Q. They went to your home?—A. They went to my home.

Q. At your request?—A. At my request.

Q. It looks very much as if you were "framing"?—A. It does not look as if I had been "framing" them, because if I had been "framing" them, I would have wrote the matter up.

Q. What do you call inviting two people up to your house, inviting them to make a proposition, and posting somebody to hear them in the next room, and then, taking that person's affidavit; would you not call that "framing"?—A. No sir, it was protecting myself. Because these men had records, according to information.

Q. Tell us what information you had at that time, and where you got it from?—A. No sir. That would be hearsay; I have no proof.

Q. Wait, be fair to those men you put in the adjoining room to hear them; they were crooks; now put in the rest of it, the special facts. Who told you that these men were crooks at the time that they were in the employ of the Mounted Police?—A. It was common talk.

Q. Among whom?—A. It was common talk, general talk.

Q. Do you think there would be general talk among some of the Royal Canadian Mounted Policemen, about being a crook, and it would not reach the Mounted Police before it reached you?—A. It might, but the Police might not think much of it.

The CHAIRMAN: One was discharged, and one was sent to jail?

By Mr. Doucet:

Q. Who was the party in the next room, Mr. Bisaillon?—A. I do not remember.

By Mr. Calder, K.C.:

Q. Do you not remember who was in the next room?—A. No.

Q. Before whom was the affidavit taken?—A. It was taken in front of me.

Q. Is Mr. Parizeau a crook?—A. No sir.

Q. He is not?—A. No sir.

Q. I am going to refer to page 99 of Mr. Parizeau's testimony in the Duncan report. Is this to be used, Mr. Chairman?

The CHAIRMAN: Yes, use it.

By Mr. Calder, K.C.:

Q. Did you tell Mr. Parizeau that he was wrong in reporting this trunk to Mr. Giroux?—A. No, sir.

Q. You say Mr. Parizeau is not a crook?—A. He is not a crook.

Q. He would tell the truth, under oath?—A. If you look—

Q. Would he tell the truth under oath?—A. If you will look at his testimony—

Q. Is he a crook, is my question? Would he tell the truth under oath? —A. Sure, but he is liable to make mistakes, like anyone else.

Q. Everybody is wrong?—A. No, but right is right, and I have not been wrong all the time.

Q. Listen to this. (Reads):

"Q. Did you have any talk with Mr. Bisaillon in connection with these trunks?—A. Yes, sir.

Q. What talk did you have with him?—A. He was very nasty with me, reprimanding me for having given information to my chief, Mr. Giroux."

That is not true?—A. The only thing I have said in regard to Mr. Parizeau is to never meet these men alone, and I did not want to see him alone with these two men at all.

Hon. Mr. STEVENS: That has nothing to do with the question.

By Mr. Calder, K.C.:

Q. It has nothing to do with the question at all.

"Q. Did you have any talk with Mr. Bisaillon in connection with those trunks?—A. Yes, sir.

Q. What talk did you have with him?—A. He was very nasty with me, reprimanding me for having given information to my chief, Mr. Giroux."

What about that?—A. No sir.

Q. That is not true?—A. That is not true.

Q. Why should he invent that?—A. I do not know why he should invent it. There was no question of the seizure after it was made.

Q. Mr. Parizeau is an honest man?—A. He is.

Q. He has no grudge against you?—A. I do not think so. He should not have, anyway.

Q. Yet he says you were very nasty with him and reprimanded him for having give information to his chief, Mr. Giroux?—A. You will see he has a written report which does not agree with this.

Q. You have written reports?—A. No sir.

Q. You wrote Mr. Duval's report?—A. No sir. I did not.

Q. He says you did—and Duval is an honest man?—A. Why not?

Q. He could not write that style of English?—A. Could he not?

Q. He swears he could not?—A. I am not responsible for Mr. Duval's actions, but I know I did not write it.

Q. That is all, Mr. Bisaillon. It is unfortunate that so many people should have a grudge against you?—A. I would like to be right for once.

By the Chairman:

Q. You have heard what the witnesses Poirier and Goyette, and Balthazar have said about the sale of that alcohol at the Customs port of Montreal. Do you recollect some names of firms besides Laporte & Martin, and the National Drug Company, to whom there were any liquors sold?—A. No, I would not know that. That would go through Mr. Hicklin. The Department would give instructions to sell this alcohol, and ask for a tender for it, and the tenders would come back; we would send an officer out to look for tenders, also with a sample if I thought I was right, and the tender would come back, be forwarded to Ottawa, and the goods delivered on instructions from the Department. That is all the names of the firms I can give to you.

By Mr. Doucet:

Q. Before you go, I want to ask you again, will you give us the name of the party who was in the next room when that conversation was going on?—A. I do not remember.

Q. You do not expect the Committee to believe that?—A. I do not remember it.

Q. Do you mean to tell me that you would get the name of a party to go into the next room to hear a conversation, and would not remember his name?—A. That is six years ago, Mr. Doucet.

Q. It does not matter if it was twenty-five years ago?—A. I have not got it now.

By Mr. Calder, K.C.:

Q. Why did you not keep it, for your own protection?—A. There are lots of things that would have been here, if I had thought they would have been for my own protection.

By Mr. Doucet:

Q. Do you really expect men who are supposed to be endowed with the ordinary intelligence of this Committee, to believe that?—A. Well, I do not know. You cannot remember everything that you ever done, in the past, Mr. Doucet.

Q. I will say this, that if I put a person in the next room to overhear a conversation of that nature, I would remember the party I put there, and you do too?—A. I do not, sir.

By Mr. Calder, K.C.:

Q. You say you did not "frame" these people?—A. No, sir.

Q. At your house?—A. No sir.

Q. Again I ask you whether Parizeau is an honest man?—A. I have every reason to believe he is an honest man.

Q. You do not think he particularly hates you?—A. I do not think so, but he would not be the first one who has no use for me.

Q. I am afraid the group is growing?—A. Maybe, in certain places, but not in Montreal.

Q. I do not think I would like to put them to the test?—A. That time will come.

Q. This is the time to justify yourself?—A. I am justifying myself.
Q. You say Mr. Parizeau is an honest man?—A. Yes.
Q. Look at what he says about this very meeting at your place:

"Q. Was anything said to you before the case came up in court?—A. Yes, sir, Mr. Bisaillon told me to be very careful, and not to give any information to the Mounted Police, not to make a fool of myself."

Is that true?—A. I told Mr. Parizeau not to meet these men alone, that if he had any information to give, to give it in the presence of his chief.
Q. So that the chief would be advised of every move?—A. Why not?
Q. When he was suspected of being a crook?—A. When I say his chief, I mean Giroux.
Q. But you gave him the devil for going to Giroux about the trunk?—A. I did not give him the devil.
Q. Listen to this:

"Q. Did Mr. Bisaillon tell you about having the two Mounted Police detectives at his place?—A. I saw them when they called. Mr. Bisaillon took them to his place at Berri street, near St. Catherines. They were Phillip Fafard, and M. MacDonald. In the morning he told me he had given them a warm reception; that they were jolly when they left, and that he had succeeded in obtaining all the information he wanted to get from them."

(No answer.)

The CHAIRMAN: Where is MacDonald now, Mr. Calder?

Mr. CALDER, K.C.: He is here, Mr. Chairman, and will be brought up.

The WITNESS: The information is what I have given you.

By Mr. Calder, K.C.:

Q. If Parizeau is correct, you told him that you had got these men to your house and made them drunk; and got a statement from them?—A. I got no statement from them.
Q. They made no statement to you?—A. I warned Officer Parizeau to be careful, and not meet them alone.
Q. I understand you took Fafard and MacDonald to your house?—A. I did take them.
Q. And did you make them drunk?—A. They were feeling pretty fair. I wanted to know something.

By the Chairman:

Q. Did they drink?—A. I don't know if they knew their own names when they went away.
Q. They were still on duty?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. You were protecting Bisaillon, not the revenue service?—A. I was protecting the revenue service, and Bisaillon; the class of men I was with.
Q. Do not you think if, instead of being so careful of the morals of the Mounted Police, you had arrested Miss St. Georges and Miss Lortie at the very beginning, you would have been a better servant of the government?—A. That was up to the man who made the seizures.

The CHAIRMAN: Is MacDonald still in the force?

Mr. CALDER, K.C.: No.

The CHAIRMAN: He has gone by himself?

Mr. CALDER, K.C.: Yes.

By Mr. Calder, K.C.:

Q. Now, then, Mr. Parizeau's version of what happened after you had reprimanded him is stated in these words:

> "Then did Bisaillon have anything to do with these trunks afterwards?—A. I can not say.
>
> Q. Did he get in touch with these women?—A. Yes, that same day, he called them off the ship. They came over to where the trunks were, in company with Mr. Bisaillon, in the bonded warehouse; Mr. Giroux was also present.
>
> Q. What took place in the presence of Mr. Giroux, Mr. Bisaillon, yourself and the ladies?—A. Mr. Giroux asked one of the ladies what was in the trunks. One of them answered that it was personal effects.
>
> Q. Did Mr. Giroux ask for the key?—A. Yes, sir.
>
> Q. Did she produce any keys?—A. No, sir.
>
> Q. Did you have a key to open the trunks?—A. Yes, for our baggagemen obtained another one.
>
> Q. What did you find, in the presence of Mr. Giroux, Mr. Bisaillon, and the two ladies?—A. We found that the trunk contained narcotics."

A. I never saw them on the wharf.

Q. Again, the honest man is mistaken?—A. I don't care about that. I was not present and I am not going to say I was present when I was not.

Mr. CALDER, K.C.: That is all.

Witness retired.

The Committee adjourned until Wednesday, May 26th, at 10.30 a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 54—WEDNESDAY, MAY 26, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. A. E. Nash (Clarkson, Gordon & Dilworth), Toronto.
Mr. Z. Hebert, of Messrs. Hudon, Hebert, Chaput, Ltd., Montreal.
Mr. Michael Barry, Montreal.
Mr. J. A. E. Bisaillon, Montreal.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1926

EXHIBITS FILED:

No. 175—Schedules 1 to 8 supplementary to the Auditors' Seventh Interim Report. (See Minutes of Proceedings.)

No. 176—Cheque vouchers register from March 1, 1924 to June 30, 1925.

No. 177—Journal, March 1, 1924, to June 30, 1925.

No. 178—Cash Register, March 1, 1924, to June 30, 1925.

No. 179—General Ledger (1st part), March 1 to June 30, 1925

No. 180—Accounts payable (82 pages torn out), November and December, 1925.

No. 181—Accounts receivable Ledger (3 accounts only), 1st July, 1925, to 3rd January, 1926.

No. 182—Sales Summary, July 1, 1925, to January, 1926.

No. 183—Cheque Register, July 1, 1925, to February 12, 1926.

No. 184—Journal, July 1, 1925, to January 30, 1926.

No. 185—Cash Register, July 1, 1925, to February 10, 1926.

No. 186—Invoice covering shipment of liquor to J. Burley and supporting documents Nos. a, b, c, d, and e.

No. 187—Invoice covering shipment of liquor to J. Henry, together with supporting documents Nos. a, b, c, d, e.

No. 188—An agreement between J. Cooper and Fritz Stockelbach, also invoices, etc., of flavoring extracts.

No. 189—Black journal showing whiskey transactions.

No. 190—(A) cheque on Standard Bank drawn by W. J. Hushion for $8,500, payable to W. George; (B) cheque on Standard Bank drawn by W. J. Hushion for $8,000, payable to W. George; (C) cheque on Standard Bank drawn by W. J. Hushion for $7,265, payable to W. George; (D) cheque on Standard Bank drawn by W. J. Hushion for $2,500, payable to W. George; (E) cheque on Standard Bank drawn by W. J. Hushion for $3,776.25, payable to W. George.

No. 191—B. 13, Walker's Invoice, United Steamship Co., B/L, dated June 12/23, for 1,248 cases of whiskey.

No. 192—B. 13, Walker's Invoice, Grand Trunk Railway, B/L, dated April 7/23, for 1,000 cases of whiskey.

No. 193—Dale and Company, invoice for insurance, $514.50, policy for $65,000 on 6,000 cases of whiskey, United Steamship B/L. Letter from Hiram Walker, C.N.R. freight bill, G.T.R. B/L. Walker's invoice for 6,000 cases, $59,647.17.

No. 194—List of automobiles sold by tender at Montreal, prepared by W. L. Hicklin.

No. 195—List of automobiles sold by W. H. Dandurand, auctioneer, Montreal, prepared by W. L. Hicklin.

No. 196—List of cars seized in possession of Montreal Police, prepared by W. L. Hicklin.

No. 197—Entries for home consumption of automobiles arriving per highway shipped through the Port of Hemmingford, Que., these entries being certified by W. A. Orr, Collector of Customs at that Port.

No. 196—List of Officers stationed at Rock Island, Quebec, during the years 1924 and 1925.

MINUTES OF PROCEEDINGS

WEDNESDAY, May 26, 1926.

The Committee met at 10.30 a.m., Mr. Mercier, the Chairman, presiding.

Present: Messrs. Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Pere and Stevens.—7.

Committee Counsel present: Messrs. Calder and Tighe.

The minutes of yesterday's meeting were read and adopted.

Ordered,—That H. D. Duncalfe and J. H. Gauthier, of the R. and G. Manufacturing Company, Rock Island, be discharged and that the firm's books furnished to the Committee for examination, be returned, subject to the conditions imposed by the Auditors.

Moved by Hon. Mr. Stevens,—That the following be summoned to appear Friday, 28th May instant, at 10.30 a.m.,—

Mr. Parsons, Manager, Walkerville Branch, Canadian Bank of Commerce, Walkerville, and have then and there with him all records concerning the account in said Bank, said Branch, in the name of James Cooper.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the following be summoned for Tuesday, the 1st day of June, 1926, at 10.30 a.m.,—

1. G. D. Farquhar, c/o Farquhar S. S. Co., Halifax.
2. Customs Officer Lodge, Walkerville, Ont.
3. J. J. Lomax, c/o Court House, Montreal.
4. Paying Teller, Bank of Montreal, St. Peter and St. James, Montreal.
5. D. F. Sheeley, 9 Cecil St., Montreal.
6. Francis Hankin and Company, 598 Union St., Montreal.
7. William & Wilson, Ltd., 84 Inspector street, Montreal.
8. G. & J. Esplin, Ltd., 126 Duke St., Montreal.

Motion agreed to.

The Chairman read a telegram from Mr. A. Gelinas, stating that he arrived too late to comply with the previous summons sent him, and asked to be advised when to appear. The Clerk was instructed to order him to appear on Thursday without fail.

Mr. A. E. Nash, of Clarkson, Gordon & Dilworth, assisted by Messrs. Troop and Morgan, was called, and sworn. Mr. Nash presented the Auditors' Seventh Interim Report, respecting the Dominion Distillery Products Company Ltd., and others.

During Mr. Nash's examination he filed the following exhibits,—

No. 175—Schedules 1 to 8 supplementary to the Auditors' Seventh Interim Report, viz:—

Schedules

No. 1—Whiskey purchased from Hiram Walker & Sons, Limited, Walkerville, and sold to G. Scherer, W. Kemp and others.

No. 2A—Sales of whiskey of the Company's own blending from the inception of the Company to 28th February, 1926.

No. 2B—Sales of the Company's own blending from inception of the Company to February 28th, 1926.

No. 3A—Record of alcohol denatured, denaturants used, quantity of denatured alcohol produced and quantity shipped—taken from T-274.

No. 3B—List of Export Shipments of denatured alcohol—Taken from export entries—B13.

No. 4—Schedule of shipments of which there is no record of permit issued, excise or customs duty paid.

No. 5—Schedule of sales tax paid by the Company and sales tax payable.

No. 6.—Sales of whiskey to W. George Limited, and other George Companies cleared for St. Pierre-Miquelon or St. John, Newfoundland from an Atlantic port as shown by the records of Hiram Walker and Sons Limited.

No. 7—Statement of Sales said to have been shipped to St. Pierre-Miquelon as shown by Hiram Walker & Sons Limited, but in reality shipped to Detroit.

No. 8—Sales of whiskey by Hiram Walker & Sons Limited, consigned to The George Companies not covered by shipping records.

No. 176—Cheque vouchers Register from March 1, 1924 to June 30, 1925.

No. 177—Journal, March 1, 1924, to June 30, 1925.

No. 178—Cash Register, March 1, 1924, to June 30, 1925.

No. 179—General Ledger (1st part) March 1, to June 30, 1925.

No. 180—Accounts payable (82 pages torn out) November and December, 1925.

No. 181—Accounts receivable Ledger (3 accounts only) 1st July, 1925, to 3rd January, 1926.

No. 182—Sales Summary, July 1, 1925, to January, 1926.

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No. 186—Invoice covering shipment of liquor to J. Burley and supporting documents nos. a, b, c, d, and e.

No. 187—Invoice covering shipment of liquor to J. Henry together with supporting documents numbered, a, b, c, d, e.

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No. 190—(a) Cheque on Standard Bank drawn by W. J. Hushion for $8,500.00 payable to W. George; (b) Cheque on Standard Bank drawn by W. J. Hushion for $8,000.00 payable to W. George; (c) Cheque on Standard Bank drawn by W. J. Hushion for $7,265.00 payable to W. George; (d) Cheque on Standard Bank drawn by W. J. Hushion for $2,500.00 payable to W. George; (e) Cheque on Standard Bank drawn by W. J. Hushion for $3,776.25 payable to W. George.

No. 191—B. 13, Walker's Invoice, United Steamship Co., B/L dated June 12/23, for 1248 cases of whiskey.

No. 192—B. 13, Walker's invoice, Grand Trunk Railway, B/L dated April 7/23, for 1000 cases of whiskey.

No. 193—Dale and Company invoice for insurance $514.50, Policy for $65,000.00 on 6,000 cases of whiskey United Steamship B/L. Letter from Hiram Walker, C.N.R. freight Bill, G.T.R. B/L, Walker's invoice for 6,000 cases $59,674.17.

Mr. Nash also produced for the information of the Committee certain letters, telegrams, documents and memoranda found on the files of the various companies under investigation.

Witness retired.

Committee rose at 1 p.m.

Committee resumed at 3.30 p.m.

Mr. Nash recalled and further examined respecting the Seventh Interim Report submitted by the Auditors.

Witness retired.

Mr. Z. Hebert, of Messrs. Hudon Hebert Chaput Ltd., called, sworn, and examined respecting the purchase of liquor and alcohol during 1925 and particularly all dealings with J. A. E. Bisaillon.

Witness discharged.

Mr. Michael Barry, Montreal, called, sworn and examined, as to the identity of J. E. Belisle.

Witness discharged.

Mr. Calder read into the evidence a precis prepared by the R.C.M.P. on their file respecting J. E. Belisle.

Moved by Hon. Mr. Stevens—That Mr. G. W. Taylor be summoned to appear on Thursday the 27th instant, and bring with him all papers and documents respecting the application for the bond of the Health Pharmacy Products, Montreal.

Motion agreed to.

Mr. Calder filed the following exhibits:—

No. 194—List of automobiles sold by tender at Montreal, prepared by W. L. Hicklin.

No. 195—List of automobiles sold by W. H. Dandurand, Auctioneer, Montreal, prepared by W. L. Hicklin.

No. 196—List of cars seized in possession of Montreal Police prepared by W. L. Hicklin.

No. 197—Entries for home consumption of automobiles arriving per highway shipped through the Port of Hemmingford, Que., these entries being certified by W. A. Orr, Collector of Customs at that Port.

No. 198—List of Officers stationed at Rock Island, Quebec, during the years 1924 and 1925.

Mr. Calder produced for the information of the Committee a report made by Customs-Excise Enforcement Officer J. E. Knox, regarding an investigation conducted by him in Boston and Concord into the Legault seizure.

Mr. J. A. E. Bisaillon, Montreal, was recalled, and examined as to the evidence given by Michael Barry, and also as to certain phases of the Lortie-St. George Case.

Witness retired.

Mr. G. W. Taylor produced for use of the Committee a statement showing all New Brewery Licenses issued and renewals of licenses from 1st August, 1925 to date.

The Committee adjourned until tomorrow at 10.30 a.m.

WALTER TODD,
Chief Clerk of Committee.

MINUTES OF EVIDENCE

WEDNESDAY, May 26th, 1926.

The Special Committee appointed to investigate the Department of Customs and Excise, and charges relating thereto, met at 10.30 a.m., the Chairman, Mr. Mercier, presiding.

The CHAIRMAN: Order.

Mr. CALDER, K.C.: Mr. Chairman, will you discharge these two men, Mr. Duncalfe and Mr. Gauthier?

The CHAIRMAN: Mr. Gauthier and Mr. Duncalfe, you are discharged, but will stand by for orders of the auditors.

A. E. NASH recalled.

WITNESS: I would like to have my two assistants Mr. Troop and Mr. Morgan with me.

GEORGE R. E. TROOP and T. H. C. MORGAN called and sworn.

Mr. NASH examined.

By Mr. Calder, K.C.:

Q. In consequence of instructions given to you, did you conduct an investigation of the Dominion Distillery Products Limited, and their allied companies?—A. I did, yes.

Q. To what extent did this investigation proceed?—A. We investigated every record that we could that was produced to us.

Q. That was produced to you?—A. Of the Dominion Distilleries Products Company's Bank accounts of G. A. George, Leo George and some of the allied company's books of W. George Limited and their bank accounts, and the bank account of Mr. W. J. Hushion.

Q. And in the usual manner in which you proceeded you supplemented those records by inquiry at different points?—A. Yes, and a great part of the work that was necessary to complete the investigation, as far as we were able to complete it, was taken from the books and records of Hiram Walker and Sons Limited at Walkerville.

Q. You have produced to the Committee your Seventh Interim Report concerning the Dominion Distillery Products Company Limited, and others, and that summarizes your investigation?—A. Summarizes the investigation.

Mr. CALDER, K.C.: I will now read into the record the Seventh Interim Report of Messrs. Clarkson, Gordon and Dilworth, chartered accountants, specially charged with the investigation of the Dominion Distillery Products Company, Limited.

"CLARKSON, GORDON & DILWORTH,
Chartered Accountants

OTTAWA, 26th May, 1926.

To the CHAIRMAN,
Special Committee
Investigating the Administration of
the Department of Customs & Excise,
Ottawa, Canada.

SIR:—As auditors to your Committee we beg to make our seventh (7) interim report as follows:—

This report deals with the investigation of the books and accounts of the Dominion Distillery Products Company Limited, W. George,

Limited, W. J. Hushion, and certain bank accounts of the officials of the George Companies.

The investigation cannot be considered to be entirely finished in view of the incompleteness of the records and of the fact that certain bank accounts have not yet been made available to us, and that in some directions enquiries are still being pursued.

Dominion Distillery Products Company Limited

The Dominion Distillery Products Company Limited was incorporated under Dominion Letters Patent dated 28th May, 1923, with power to carry on the business of distillers, brewers, maltsters, etc. and generally to carry on such activities as are related to the business of a distillery, including power to build, purchase, lease and operate vessels.

The capital stock of the company consists of 1,500 shares without par value, of which 1,205 were issued. No record appears in the books showing what actual cash or other consideration was received by the Company for the shares so issued, except Mr. Leo George's rights in a lease and option on the property.

Prior to May, 1925 the shareholders of the Company were:

	Shares
L. George, President	100
G. A. George, Vice-President and General Manager	500
D. M. George, Director	99
James Cooper, Director	100
W. J. Hushion	400
J. P. Bulger, Secretary Treasurer	1
J. H. Dillon, Solicitor for the Company	1
Qualifying Shares (Provisional Directors)	4

On 8th May, 1925, the Company made application to the Secretary of State for a change of name to Dominion Distillers Limited, which we understand has been effected. The present shareholders appear to be the same as those stated above with the exception that F. J. Parker of Chicago, U.S.A., is substituted for D. M. George.

Books and Accounts

No regular minute books has apparently been kept. Such minutes as we have seen are of meetings of Directors and are written on loose sheets of paper and in some cases bear the company's seal and are signed by the President and Secretary. There is no record of any meeting of shareholders since the date of incorporation.

On 15th February, 1926, Mr. G. A. George, Vice-President and General Manager of the Company, appeared before the Committee and produced what were stated to be "all the documents" of the Company. These books consisted of cash receipts and payments books, journals, purchase registers, ledgers, sales summaries, invoices, vouchers, shipping documents and the bank account of the Company with the majority of the cheques. The entries in several of these books date from 1st March, 1924, in other books from 1st July, 1925 only.

We are of the opinion that many of the books produced to us particularly those where entries date from 1st March, 1924, are not the original records of the Company and were not written up at the time the transactions were entered into and that they do not reflect the complete transactions of the Company for the following reasons:

(1) An examination of the ink used in these books has been made by Mr. Lomax, an examiner of questioned documents, and his opinion is that some of the books have been written up within the last few weeks.

(2) Numerous clerical errors have been made of such a character that would indicate that the books had been hurriedly rewritten or copied from some other records. Many items of large amounts have been left out, including one item of $25,000.

(3) The books are not in balance now and were not in balance on any date at which we made tests. The bank account is not in balance with the bank records.

(4) The first seven pages in one of these books were pasted together. On loosening these pages we found records of sales of liquor which did not appear on the rewritten pages.

(5) In one book the first 82 pages were torn out although there are indications that these pages were used.

(6) The Accounts Receivable Ledger contained only three accounts and is undoubtedly incomplete.

(7) One of the binders was purchased from a stationer apparently on 10th February, 1926, the day after the first sitting of the Committee, on which day the order requiring the attendance of the company's officials and the production of the records was issued.

(8) A statement of the company's affairs furnished us by the Accountant cannot be reconciled with the books, and is apparently at variance with the true position of the company on that date.

On examination of the cheque registers we found certain items erased and altered and other items omitted. We made special enquiry in connection with these items and discussed them with Mr. Leo George and the information we have been able to get points strongly to there having been improper practices by the Accountant of the Company, who, Mr. George informs us, has since left the country.

The absence of Mr. G. A. George, Vice-President and General Manager of the company, has seriously handicapped our work as the files of the company show that he was probably more conversant with the transactions of the company than any other person. This is confirmed by statements made to us by Mr. Leo George, President, and Mr. J. P. Bulger, Secretary-Treasurer, and the fact that many of the larger transactions were carried out through his personal bank account.

The main points on which the book said to have been kept by the Accountant, Nicol, fail to give information, are as to:

(1) Sales made by the Company.

(2) Liquor purchased from Hiram Walker & Sons Limited, Walkerville.

We have, however, examined the Inland Revenue books and duplicate invoices, shipping documents, customs export entries, bills of lading and other documents found in the files of the company and elsewhere. These records show that since the inception of the company the sales of liquor amount to $3,209,972.05.

The proceeds from sales appear to have been handled in a most unusual manner. No details are given in the company's books of any sales of liquor and no moneys from such sales have been deposited at any time to the credit of the company in its bank account, with the exception of one sale of whiskey to the Ontario Government Dispensaries in June 1925. The money received from sales has mainly been deposited in a savings bank account kept in Mr. G. A. George's name in the Bank of Montreal. From this account from time to time certain payments have been made to the Company: these receipts being credited to an account in the Company's books in the name of "G. A. George-Loan Account," and later transferred to various Operating Accounts.

The above bank account has not been used solely for moneys received from sales nor has it been confined entirely to the business of the Dominion Distillery Products Company Limited, and on the other hand moneys received from sales have also been deposited in other bank accounts operated by G. A. George. The payments made to the Company referred to above cover only a very small portion of the total sales made and were used by the company to meet its operating expenses, there being no surplus funds in the company's hands nor any indication of the company having made any distribution by way of dividends or otherwise to its shareholders.

Inland Revenue Books

We checked all the Inland Revenue books of the company and traced all grain and alcohol going into the distillery process. We also traced all imported whiskey used for blending purposes and all shipments received from Hiram Walker & Sons Limited. We found that all deficiencies were paid for at the rate of $9.00 per proof gallon. Subject to the comments hereafter made, all customs duty has been paid on imported liquor and all excise duty paid on sales of domestic spirits which are shown on the Inland Revenue books.

The company commenced distilling operations in June, 1924, and up to March, 1926, had distilled only 622.71 proof gallons, all of which is still in bond, no shipments of their own distilling having so far been made. The Company has imported for blending purposes 13,536.25 proof gallons and has paid customs duty on 8,182.32 proof gallons, leaving a balance of 5,353.93 at present held in customs bond which agrees with the figures shown in the Customs ledger at the port of Montreal.

Sales

Schedules have been prepared showing various classes of sales and the total value of same taken from the above invoices and other documents and are arranged as follows:—

Sales of Whiskey purchased from Hiram Walker & Sons, Limited, Walkerville, and sold to G. Scherer, W. Kemp and others;
Sales of Whiskey of the Company's own blending;
Sales of Denatured Spirits.

We comment thereon as follows:

Sales of Whiskey purchased from Hiram Walker & Sons Limited, Walkerville, and sold to G. Scherer, W. Kemp and others.

The period covered by the shipments of whiskey purchased from Hiram Walker & Sons Limited, Walkerville, was from 31st January, 1924, to February, 1926, and covers some 100,847 cases and 11 barrels having a sale value of $2,666,301.85. These shipments were all excise duty and sales tax paid.

The majority of the shipments are to G. Scherer; in May, 1924, the name of W. Kemp appears for about two months, and in the early part of 1926 the names of other consignees appear including F. J. Parker and C. A. Savard.

Invoices of Hiram Walker & Sons, Limited prior to May, 1924, show the Dominion Distillery Products Company Limited at Montreal as the purchasers. The export entries show the goods shipped via the boat Killarney to Detroit. The invoices and export entries bear the same date and if this date is correct it would be impossible for the goods to have been first shipped to Montreal and therefore they must presumably have been delivered in Walkerville. This is substantiated by the fact that on the face of the invoices is a notation 'Dominion Distillery

Products Company Limited, Walkerville, Ont." and that we have seen no Bills of Lading or other freight records nor is there any entry in the Inland Revenue books of the Dominion Distillery Products Company Limited at Montreal showing that these goods had been received at Montreal.

Subsequent to May, 1924, Hiram Walker and Sons Limited shipped the goods to Montreal consigned to the Collector of Customs and the goods were delivered to the Dominion Distillery Products Company Limited and entered in their Inland Revenue books. The shipments were then returned from Montreal in the same freight car in many cases with additional kegs or cases of the Company's own liquors added, consigned to Scherer at Ford, Ont., Sandwich, Ont., or some other neighbouring point for export. The Bill of Lading accompanying the goods invariably showed the final destination as 'Mexico City, Mexico'. The export entry (Form B. 13) on the other hand showed this without exception as 'Detroit, U.S.A.' The freight from Walkerville to Montreal and back to Ford or Sandwich was paid by Dominion Distillery Products Company Limited up to about 8th July, 1925, after which date the company paid the freight to Montreal only, the freight from Montreal to Ford being paid in cash at Walkerville.

There is correspondence on file between Mr. Harwood, shipper at Hiram Walker & Sons Limited, and the officials of the Dominion Distillery Products Company Limited regarding the shipments of the Walker products and the great majority of the Bills of Lading covering the shipments from Walkerville to Montreal are signed by Mr. Harwood.

Mr. S. V. Beck, C.N.R. Freight Agent at Walkerville, also appears to have had something to do with these shipments and we are informed that he also made payment of freight charges on shipments to Walkerville and signed for the delivery of goods on behalf of Scherer.

The amounts paid for these liquors were paid to Hiram Walker & Sons Limited at Walkerville, apparently at the time the orders were placed. The books of Hiram Walker & Sons Limited do not disclose the name of the person making the payments but from information we have obtained, payment for these liquors was made by or on behalf of Mr. James Cooper.

A commission on these shipments was apparently paid to Mr. Gregory George and some part of it at any rate transferred by him to the Company and included in the amounts previously referred to. There is no indication, however, of the rate of commission paid although Mr. George stated in his evidence that it was approximately $1 per case.

The Dominion Distillery Products Company Limited at one time rented a dock from Hiram Walker & Sons Limited and also operated trucks at Walkerville.

As stated previously all these shipments from Hiram Walker & Sons Limited were duty paid liquors. They were also covered by excise permits issued at Walkerville. These permits were not always kept on file at the Customs Office at the port of exit.

Sales of Whiskey of the Company's Own Blending.

The first section of this Schedule deals with those goods which were loaded at Montreal and returned to Walkerville and neighbouring points with shipments which had been purchased from Hiram Walker & Sons Limited, Walkerville. These total 1,712 cases and 52 kegs, of a sales price of $58,254.25, all of which were duty paid, and the consignees are the same as in the previous schedule.

In connection with these shipments we have found on the files of the Company two sets of invoices, one set covering the full shipment,

including the goods from Hiram Walker & Sons Limited, and the other invoices covering only that part of the shipments loaded at Montreal. Where the full shipment is shown in the invoice the liquor blended by the company is invoiced at a substantially higher price per case than in the case where the shipments loaded at Montreal only are shown. In all cases sales tax has been paid by the company on the lower value of the goods, although the personal bank account of G. A. George shows that in those cases where we have been able to check the receipts the money received for these goods was at the higher price.

The second section of this schedule shows all other sales of liquor by the company with the exception of sales of denatured spirits which are referred to later, and includes certain sales of champagne and wines.

In the case of the majority of the shipments shown on this part of the schedule there are also two sets of invoices, one showing a lower price upon which sales tax is paid and the other set a higher price which was presumably the amount received for the goods. Some sales are included in this schedule on which no sales tax was paid, and which are referred to in more detail later.

There are also certain sales of liquor for which there appear to be no entries in any of the books of the company. These were discovered as a result of our examination of the shipping records and exports entries, and so far as we have been able to ascertain no excise or customs duty appears to have been paid by the Company. These omitted shipments amounted to approximately $48,000, and consisted of imported case goods which are liable to customs duty at $10 per gallon, the duty amounting to approximately $16,000. We have prepared a separate schedule giving particulars of these sales.

Sales of Denatured Spirits

The Inland Revenue books of the Company show that the Company manufactured in all some, 51,365.5 standard gallons or 82,989.59 proof gallons of denatured spirits of the higher grade known as "Specially Denatured Alcohol, Grade No. 1-F," the composition of which is defined in departmental circular No. 488-C as follows:

> "For every 10 Imperial gallons of Ethyl Alcohol (65 per cent over proof) there shall be added .25 Imperial gallons of Diethylphthalate and 50 grains of Brucine Sulphate."

All these spirits so manufactured were shipped out by the Company.

A schedule has been prepared showing in detail the dates of the denaturing of these spirits, the quantities of denaturants used and the names of the persons to whom the spirits were sold.

An examination of the export entries (B. 13) however, shows a slightly different quantity of spirits sold and different sized shipments. There is nothing to show what the difference between these two records is caused by, but the special bond required in the case of export shipments of these spirits agrees in all cases with the Inland Revenue books but not with the export entries. It was not possible by tracing these shipments through the freight records at Montreal and Walkerville to find out how the difference occurred as we could only tie up the records in six cases. It is possible, of course, that some of the goods were sent by the Company's own steamships through the St. Lawrence Canals and not by railway.

The Inland Revenue books show that these spirits were consigned to people in Canada, whereas the export entries show them to have been consigned to persons in the United States. An explanation of this may

be that they were consigned to these people in Canada for export to the United States. This distinction may be important in respect to the regulations governing the sale of these spirits issued by the Department of Customs and Excise.

The particular points of importance in connection with the shipments of these spirits appear to be as follows:

(1) Section 369 of the Excise Act provides that specially denatured alcohol which is intended for use in the arts and industries or for fuel, light and power, or for any mechanical purpose, may be manufactured free of Excise Duty.

(2) Section 371 of the same Act provides that no alcohol shall be manufactured or sold under the provision of Part X (the part dealing with denatured alcohol) for beverage purposes.

(3) Circular No. 488C makes special provision for the sale of denatured alcohol, providing in Section 26 that Specially Denatured Alcohol—Grade No. 1-F—is authorized for use as a Rubbing Alcohol Compound exclusively, and may be sold only to persons or firms holding Permits specifically issued for that purpose.

(4) The person to whom these spirits were sold by the Dominion Distillery Products Company Limited (G. Scherer and Louis Evans) are not holders of permits.

(5) The importation of this alcohol into the United States is prohibited because it is held that the Diethylphthalate and Brucine Sulphate can be easily extracted from the alcohol.

(6) The prices at which these spirits were sold were greatly in excess of the average selling price for denatured spirits. The selling prices ranged from $3 to $10 per standard gallon and the cost of manufacturing these spirits would not be more than 85 cents per standard gallon, allowing for the price paid by the Company for non-potable alcohol, the prices paid for the denaturants used in the process and a fair charge for labour costs.

(NOTE: The average selling price referred to above has been confirmed from two reliable sources.)

From the above it will be seen that these sales of spirits as made by the Dominion Distillery Products Company Limited, appear to have been most irregular. The point must arise as to whether these spirits apparently sold to persons in Canada should not be liable for excise duty. If the spirits were sold for beverage purposes there would appear to be no doubt that excise duty should be collected. The importance of this point can be understood when it is realized that Excise Duty at the rate of $9.03 per gallon on 82,989.59 gallons would amount to $769,396.09.

None of these sales are shown in the Company's sales records and no return of sales tax on them has been made. The total sales according to the export entries were valued at some $233,810 and sales tax at 5 per cent on this total would amount to $11,690.50.

We think it our duty to call the attention of the Committee to an agreement found in the files of the Company between James Cooper and Fritz Stockelbach of Mont Clair, N.J., in which the latter agrees to instruct Cooper or such person as Cooper may designate in his process of treating and blending newly distilled whiskey in Cooper's plant in Montreal. Attached to this agreement were invoices from vendor firms for essential oils which presumably would be necessary to the carrying out of this process.

It will be noted that included in Schedule 11-B is one sale of some 640 gallons "Dominion Spirits" at $7.00 gallon which is a price very much less than for duty paid whiskey and very much higher than the usual price for denatured spirits.

Sales Tax Underpaid and Unpaid

Sales Tax was paid by Hiram Walker & Sons, Limited on all whiskey shipped by them to the Dominion Distillery Products Company, Limited, and resold by the latter Company to Scherer and other consignees in Detroit. The Dominion Distillery Products Company, Limited has also made regularly, Sales Tax Returns to the Government, but as previously stated, has apparently filed with the Government on certain occasions invoices which did not represent the full sales value of the goods and in other cases had paid no sales tax at all.

We have prepared a schedule of all the sales tax payable by the Company which amounts to $32,340.29, and have deducted from that the sales tax actually paid as shown by the records of the Excise Office in Montreal, $4,893.73, leaving an apparent underpayment of sales tax of $27,446.56.

We understand from Mr. Leo George, President of the Company, that it is the intention of the Company to claim a refund of sales tax paid by Hiram Walker & Sons Limited, on the whiskey shipped to Montreal and reshipped to Scherer at Detroit, the Company claiming that these shipments were in reality for export although by a somewhat roundabout route.

General Remarks

As previously stated, our work in examining the books of the Company was seriously handicapped by the absence of Mr. G. A. George and the Accountant, Nicol.

We saw no evidence that any Income War Tax had been paid by the Company. The returns required by the Companies' Act have been filed with the Secretary of State.

W. George Limited, Montreal

This Company was incorporated as a private Company under the Dominion Companies Act on 15th July, 1919, to carry on the business of wholesale grocers and wine and spirit merchants, and other related business.

The capital stock of the Company is $50,000 divided into 500 shares of $100 each, 498 of which are issued and held as follows:

	Shares
G. A. George	330
M. O. George	83
D. M. George	83
A. Nicol	1
J. P. Bulger	1

The officers of the Company are as follows:—President, G. A. George; Vice-President, M. O. George; Director, Dixon George; Secretary-Treasurer, J. P. Bulger.

The Company was formed to take over the business in Montreal of the Estate of W. George, an old established firm of wholesale grocers and wine and spirit merchants in the City of Montreal. Although the Company was incorporated in 1919 the available books and records date only from 1st May, 1921.

In the year 1921 and the early part of 1922, there were considerable transactions in liquor recorded in the books but since 1922 there have

been practically no purchases or sales of liquor. According to the records from November, 1921 on, the Company, or Mr. G. A. George in the name of the Company, acted as agent for Mr. James Cooper of Walkerville in the handling of whiskey purchased by Mr. Cooper from Hiram Walker & Sons, Limited, and consigned to certain individuals in Detroit, to W. George, Limited, St. John, N.B., for export to St. Pierre-Miquelon, to the George Import & Export Company of St. John's, Nfld., and to the St. George Import & Export Company, Limited, St. Pierre-Miquelon.

Our information as to the nature of this business has been obtained from shipping documents found in the Company's records, from invoices and export entries, from information in the books of Hiram Walker & Sons, Limited, and from an examination of the bank accounts of Mr. G. A. George. It is somewhat difficult to determine with certainty the position of the various parties in these transactions. There is a small black journal which we found amongst Mr. G. A. George's papers apparently kept by him which contains what appears to be a record of this business. This journal contains a number of accounts as follows:—

(a) An account (incomplete) in the name of Mr. "Jones" showing what appear to be sales of whiskey to this individual. The debit side of this account is very incomplete. The credit side, however, dates from 5th July, 1921 to 28th August, 1921, and shows cheques received in payment for whiskey delivered. There were 14 cheques in all, totalling $49,018.95. All of these, with the exception of one item of $7,582 we have identified as being cheques issued by Mr. W. J. Hushion and charged to his bank account. They all, without exception, appear to have been deposited in the account of G. A. George, No. 8380, in the Bank of Montreal.

(b) An account in the name of "J. A. Smith" which, insofar as the receipts from this party are concerned, is almost a duplicate of the account kept in the name of Mr. Jones. The "Smith" account, however, shows the sales of whiskey against which the cheques were applied.

(c) An account in the name of "James Cooper" and "James Cooper Ex St. John" showing what appear to be sales of whiskey to this party and credits for cheques received on account. These cheques appear almost without exception to be represented by deposits in the savings account of Mr. G. A. George.

(d) An account headed "James Cooper Distillery Orders." This dates from 8th November, 1921 to 18th May, 1922 and covers what appear to be thirty-two separate orders of whiskey, showing in each case the number of cases, aggregating 5,835 cases and 495 ten-gallon kegs, and the commissions due on the orders at the rate of $1.00 per case. There are also cheques which appear to have been received on account of commission. These we have traced to deposits in Mr. George's bank accounts. The orders shown in this account are identical with those shown in an account appearing in the domestic sales ledger of Hiram Walker & Sons, Limited in the name of "W. George Limited, Montreal, Que." In every case the number of cases is the same and the commission is figured at the rate of $1.00 per case.

(e) Accounts in the name of "H. Walker—kegs" and "H. Walker—cases" respectively. These appear to record the cheques paid to Hiram Walker & Sons, Limited, for the goods on which commission was earned and amount to $97,569.48. All these items

are shown as credits in Hiram Walker & Sons Ledger. With one exception (cheque of $15,000 dated 4th April, 1922) every credit in this account in the Hiram Walker books from the date on which it was opened (11th November, 1921) to the 22nd April, 1922, appears in some account in this journal.

(*f*) An account in the name of "J. C. Can. Ryes, St. John." The two cheques credited to this account appear as deposits in the Savings Account of G. A. George.

Exports of Whiskey Purchased from Hiram Walker & Sons, Limited to St. Pierre-Miquelon, Newfoundland, and other points

While the books of Hiram Walker & Sons, Limited show shipments of liquor to six different companies at these points, all apparently interrelated, and the goods may have been consigned to different points in Montreal, St. John, N.B., St. Pierre-Miquelon and St. John, Newfoundland, letters, invoices and other documents point to the sales being actually on account for W. George Limited, with the exception of a few sold direct to St. George Import and Export Company. In only one case, however, have we seen any record of these sales in the books of W. George Limited.

The books of the St. Pierre-Miquelon and Newfoundland Companies referred to have not been produced for our examination. In June, 1925, the business at both these points was closed down and the stock of liquor on hand brought back to Canada with the approval of the Assistant Deputy Minister of Customs and Excise and received into the Dominion Distillery Products Company, Limited in bond. Certain wines and liquors had already been brought back in February, 1925, and also received by the Dominion Distillery Products Company, Limited.

Sales to St. Pierre-Miquelon as shown by the

Books of Hiram Walker & Sons, Limited

Our information regarding sales made by Hiram Walker & Sons, Limited, to the George Companies at St. John, N.B., and at St. Pierre-Miquelon has been obtained from copies of the accounts in the books of Hiram Walker & Sons, Limited and from shipping documents found on file.

The sales which Hiram Walker & Sons, Limited record in this manner can be divided into two classes:

(*a*) Sales in which, in so far as we can judge, the goods were actually cleared for St. Pierre-Miquelon or St. John's, Newfoundland, from an Atlantic port. We have prepared a schedule giving particulars of these sales. The total amounts exported in this way over the period 13th September, 1923, to 26th September, 1924, was $503,625. These goods were all shipped in bond and we have seen Port of Exit or landing certificates in all cases.

(*b*) Sales where, while the invoices and shipping records indicate that the goods went to St. John, N.B. or to St. Pierre-Miquelon, in reality the goods were kept in storage at Walkerville and later shipped across the river to Detroit.

In our examination of the files of W. George Limited we found a bundle of invoices covering goods shipped by Hiram Walker & Sons Limited to W. George Limited, St. John, N.B., via G.T.R. and to the St. George Importing Company, and the St. George Import and Export Company, St. Pierre-Miquelon, via United Steamship Company Limited.

Attached to each of these invoices was a copy of an export entry unsigned but dated "Walkerville, Ont." showing the goods consigned to W. Kempt at St. Pierre-Miquelon. In so far as cases and values were concerned the export entries corresponded in every case with the invoices. Instead of being shown, however, as via G.T.R. or United Steamships

Limited they were shown as going forward via the boat Killarney. It was of course impossible that these shipments, which averaged about two per week, should have gone forward in every case in the same boat. For this reason we applied to Hiram Walker & Sons Limited for copies of the Bills of Lading. These were furnished us both for those shipments going forward by G.T.R. and those by the United Steamships Limited.

These Bills of Lading give no additional information, however, and from what we have been able to ascertain they do not represent in any way the actual disposition that was made of the goods as the export entries on file at the Port of Walkerville are for very much smaller shipments and show the goods going forward by a number of small boats all going to Detroit, Mich.

We have prepared a schedule covering all these shipments, the total value of which is $2,153,165.86.

We have also prepared from the books of Hiram Walker & Sons Limited a schedule showing shipments from that Company to W. George Limited amounting to $1,756,466.70 for which we have not seen shipping documents and have therefore not been able to check up the transmission of the goods.

The last three mentioned schedules show the total business in whiskey shipped from Hiram Walker & Sons Limited to the different George Companies (exclusive of the Dominion Distillery Products Company Limited) over the period 19th November, 1921, to 26th September, 1924, to be $4,413,257.56. In all cases either Excise duty has been paid or we have seen port of exit or landing certificates. The only reference to these shipments in the regular books of account of W. George Limited is one item amounting to $5,000.

In addition to the shipments covering liquor shipped out from Halifax to St. Pierre-Miquelon, records obtained from Dale & Company, Insurance Underwriters, Montreal, show insurance placed on certain return shipments as follows:

7th August, 1923, s.s Jean Mac, Montreal to Port Arthur.
17th June, 1924, s.s. Bernard M, Halifax to St. Pierre, thence to Halifax.
30th June, 1924, s.s. Frank H, St. Pierre to Fort William.
15th August, 1924, s.s. Frank H, St. Pierre to Port Arthur.
22nd September, 1924, s.s. Fred B, Halifax to St. Pierre, thence to Halifax.
1st October, 1924, s.s. Frank H, St. Pierre to Walkerville.
13th December, 1924, s.s. Sable I, St. John's Newfoundland to Halifax.
16th June, 1925, s.s. Fernfield, St. Pierre to Halifax.

We do not understand why insurance would be placed on round trips particularly when as stated previously there were landing certificates for these shipments, unless it means that the liquor was shipped to St. Pierre-Miquelon for the purpose of having it reshipped to Halifax or other Canadian points. In all some 18,300 cases of liquor containing over 25,000 gallons were carried on these return shipments.

The files of the Department show that the voyage of the Frank H dated 1st October, 1924 was investigated and it was found that the shipping records covering this voyage showed the vessel's cargo as passing through Canada en route to the G. Harbert Company at Yokohama, Japan. (G. Harbert is the Dominion Distillery Products Company Limited shipper). Insurance, however, was placed on this cargo only to Walkerville, Ontario.

The importance of these facts is that if the liquor included in these return shipments is dutiable the amount of excise duty at $9.00 per gallon would be approximately $235,000. We have not seen any record of duty being paid on these shipments.

As previously stated certain of the shipments, according to the documents, went forward from Walkerville by United Steamships Company Limited. We have been unable to locate in Walkerville the office or any agent for this Company. We have, however, examined the charter of the company which is filed at the Department of the Secretary of State, together with copies of the annual returns, and these records show the following gentlemen as being the Directors: J. P. Bulger, Montreal; D. M. George, Montreal; G. A. George, Montreal; G. A. Harbert, Montreal; J. E. Wright, Windsor, Ont.

Many of the shipments to St. Pierre-Miquelon were forwarded by rail from Montreal to Halifax, and these shipments were handled by Messrs. Farquhar and Company, Limited, Halifax, N.S., and shipped on their steamers or on boats belonging to the George Companies.

Bank Accounts of Officials of the George Companies

We have examined the certified copies of the bank accounts of the following and such vouchers as the banks had in their possession for the purpose of determining the relationship between them and the George Companies: G. A. George, Montreal; Leo George, Montreal; J. P. Bulger, Montreal; C. A. Gentles, Toronto; St. George Import & Export Co., Montreal; W. George Limited, St. John N.B.

Owing to the large number of missing cheques and to the variety of interlocking transactions in these accounts it has been impossible to entirely complete the investigation of these accounts, but from our examination it would appear that Mr. G. A. George was the official into whose bank account the receipts from liquor sales were deposited. Out of the proceeds of these sales it is clear that large payments were made to James Cooper and as previously stated in this report payments were made from time to time to the Dominion Distillery Products Company Limited for the purpose of furnishing that company with cash wherewith to carry on its business. From time to time also cheques cleared through this bank account of G. A. George were found to be deposited in the bank account of W. J. Hushion and cheques cleared through the bank account of St. George Import and Export Company were found to be deposited to the credit of Leo George's bank account. In the absence of all the cheques cleared from Mr. Gregory George's bank account or complete explanations from Mr. Gregory George or someone else fully acquainted with the facts the reason why these payments were made is not clear.

W. J. Hushion

Mr. W. J. Hushion produced certain books and records relating to his hay and grain business and a copy of his bank statements and the returned cheques for a period of five years ending 31st December, 1925. We examined these records. The books while they are balanced monthly contain records of only a small portion of the transactions that have been cleared through Mr. Hushion's bank accounts. They were evidently intended to be kept entirely for the hay and grain business and to record certain personal expenditures of Mr. Hushion. The sales of hay and grain are very small and according to the books ceased entirely in April, 1925.

The bank account on the other hand shows that Mr. Hushion had very large transactions outside his hay and grain business. A considerable portion of these transactions were in liquor and (so far as the

records show) the sum of $93,031.95 was paid to G. A. George or the George Companies. In addition to this there are very large transactions through another bank account in the name of 'George and Hushion' representing presumably payments made for liquor.

In addition to the above there are very large deposits and withdrawals through Mr. Hushion's bank account in all the years under review for which we have not received any explanation at all, although we have repeatedly asked him to meet us and give us explanations. Under these circumstances we can only report that the investigation of Mr. Hushion's account can only be completed when Mr. Hushion furnishes us with explanations which we require.

General Remarks

From our examination of the various bank accounts of the officials of these companies and the books and records of the companies, and other records produced to us, it would appear that the distinction between the several inter-related concerns was lost sight of in the actual handling of the business by Gregory George and those associated with him. Moreover, the whole of the activities of all these companies and persons are so interwoven as to make it almost impossible to separate one from the other, particularly in the absence of more complete records and the explanations of Mr. Gregory George.

Whilst we were examining the records of the various companies or persons mentioned in this report we saw numerous letters, agreements and other documents which may have important bearing on the matters reported on. We have made a list of these and handed them to Mr. R. L. Calder, K.C., Counsel for the Committee.

Respectfully submitted,

(Signed) CLARKSON, GORDON & DILWORTH.

EXHIBIT 175, SCHEDULE I

CUSTOMS ENQUIRY 1926

DOMINION DISTILLERY PRODUCTS CO. LIMITED

Whiskey Purchased from Hiram Walker & Sons, Limited, Walkerville, and sold to G. Scherer, W. Kemp and Others

Date	Number of Cases	Nature of Goods	Purchase price	Freight car number and initial	Sold to	Selling Price	Destination of Shipment		Remarks
							As per B/L	As per "B. 13"	
			$ cts.			$ cts.			
1924									
May 10	1,000	Imperial	30,660 00	U.P.....19762	W. Kemp, Sandwich	33,300 00	Mexico City	Detroit, U.S.A.	
	200	Club							
14	1,000	Imperial	25,200 00	G.T.P.....303702	W. Kemp, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.	
21	1,000	Imperial	30,660 00	G.T.....18282	W. Kemp, Sandwich	33,300 00	Mexico City	.....	
	200	Club							
27	1,000	Imperial	25,200 00	P.M.....81805	W. Kemp, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.	
31	700	Canadian Club	44,310 00	Wab. 79052	W. Kemp, Sandwich	33,300 00	Mexico City	Detroit, U.S.A.	
	1,000	Imperial							
June 12	1,000	Imperial	25,200 00	B. & O.....180107	W. Kemp, Sandwich	27,400 00	Mexico City	.....	Export entry marked "3 copies of this to Cooper."
30	1,000	Imperial	27,930 00	C.G.R.....553049	Gus Scherer, Sandwich	30,140 00	Mexico City	Detroit, U.S.A.	
	100	Club							
30	500	Imperial	17,325 00	C.N.....416509	Gus Scherer, Belle River	18,725 00	Mexico City	Detroit, U.S.A.	
	50	Club							
	100	Epicure							
July 11	1,000	Imperial	25,200 00	C.N.....343061	Gus Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.	
June 14	1,000	Imperial	25,200 00	C.N.....87822	Wm. Kemp, Sandwich	27,400 00	Mexico City	.....	
July 11	600	Imperial	15,120 00	G.T.....19701	G. Scherer, Sandwich	16,440 00	Mexico City	Detroit, U.S.A.	
18	1,000	Imperial	25,200 00	G.T.....11206	G. Scherer, Belle River	27,400 00	Mexico City	Detroit, U.S.A.	
25	1,000	Imperial	25,200 00	C.N.....424880	G. Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.	
Aug. 6	1,000	Imperial	25,200 00	C.N.....428162	G. Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.	
11	1,000	Imperial	25,200 00	C.N.....84148	G. Scherer, Belle River	27,400 00	Mexico City	Detroit, U.S.A.	
21	1,000	Imperial	25,200 00	C.N.....423821	G. Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.	
25	1,000	Imperial	25,200 00	C.N.....427066	G. Scherer, Belle River	34,825 00	Mexico City	Detroit, U.S.A.	
27	1,000	Imperial	25,200 00	C.V.R.....71022	G. Scherer, Sandwich	34,825 00	Mexico City	Detroit, U.S.A.	
Sept. 5	1,000	Imperial	25,200 00	C.N.....426541	G. Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.	
13	1,000	Imperial	25,200 00	C.V.....83344	G. Scherer, Belle River	27,400 00	Mexico City	Detroit, U.S.A.	
15	1,000	Imperial	25,200 00	C.N.....325382	G. Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.	
22	1,000	Imperial	25,200 00	C.N.....422786	G. Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.	
25	1,000	Imperial	25,200 00	D.L. & W....43016	G. Scherer, Belle River	27,400 00	Mexico City	Detroit, U.S.A.	
Oct. 2	1,000	Imperial	25,200 00	C.N.....317638	G. Scherer, Sandwich	27,400 00	Mexico City	.....	
8	1,000	Imperial	25,200 00	C.N.....400062	G. Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.	
16	1,000	Imperial	25,200 00	D.L. & W....32404	G. Scherer, Belle River	27,400 00	Mexico City	Detroit, U.S.A.	
25	1,000	Imperial	25,200 00	G.T.....18312	G. Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.	
29	1,000	Imperial	25,200 00	G.T.....100315	G. Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.	
30	1,000	Imperial	26,880 00	Erie.....107980	G. Scherer, Belle River	28,770 00	Mexico City	Detroit, U.S.A.	
	50	Epicure							
Nov. 7	1,000	Imperial	26,880 00	B. & O.....99691	G. Scherer, Sandwich	28,770 00	Mexico City	Detroit, U.S.A.	
	50	Epicure							
8	1,000	Imperial	28,166 25	G.T.....101726	G. Scherer, Sandwich	30,140 00	Mexico City	.....	
	100	Imperial							

Nov. 13	1,000	Imperial	25,882 50	C.N.	327694	G. Scherer, Sandwich	28,085 00	Mexico City	Detroit, U.S.A.
	25	Canadian Club							
19	1,000	Imperial	25,200 00	C.N.	402621	G. Scherer, Belle River	27,400 00	Mexico City	Detroit, U.S.A.
25	1,000	Imperial	25,200 00	Rut.	7092	G. Scherer, Ford	27,400 00	Mexico City	Detroit, U.S.A.
30	1,000	Imperial	25,200 00	C.P.	195737	G. Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.
Dec. 5	1,000	Imperial	30,269 40	C.G.R.	250914	G. Scherer, Sandwich	33,044 40	Mexico City	Detroit, U.S.A.
	118	Can. Club							
	88	Can. Club Cocktail							
6	1,000	Imperial	23,200 00	C.N.	329605	G. Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.
16	951	Imperial	25,291 88	B. & M.	49231	G. Scherer, Ford	27,427 40	Mexico City	Detroit, Y.S.A.
	50	Can. Club Cocktail							
17	854	Imperial	22,480 50	G.T.	10024	G. Scherer, Sandwich	24,577 80	Mexico City	Detroit, U.S.A.
	43	Can. Club Cocktail							
29	1,000	Imperial	25,200 00	G. & P.	302273	G. Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.
1925									
Jan. 5	1,000	Imperial	25,200 00	C.N.	426077	G. Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.SA.
26	1,000	Imperial	25,200 00	G.T.	104474	G. Scherer, Ford	27,400 00	Mexico City	Detroit, U.S.A.
Feb. 14	1,000	Imperial	25,200 00	C.G.R.	554325	G. Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.
Mar. 6	200	Club	23,100 00	C.P.	112034	G. Scherer, Ford	27,400 00	Mexico City	Detroit, U.S.A.
	400	Imperial							
	400	Niagara							
6	1,000	Imperial	25,200 00	C.N.	502407	G. Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.
13	1,000	Imperial	25,200 00	M.C.	47619	G. Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.
19	400	Imperial	15,828 75	G.T.	15159	G. Scherer, Ford	19,180 00	Mexico City	Detroit, U.S.A.
	300	Niagara							
21	500	Niagara	22,207 50	G.T.	11875	G. Scherer, Sandwich	27,400 00	Mexico City	Detroit, U.S.A.
	500	Imperial							
Apr. 6	900	Imperial	25,410 00	C.N.	411478	G. Scherer, Ford	27,400 00	Mexico City	Detroit, U.S.A.
	100	Can. Club	25,200 00	C.N.	409989	G. Scherer, LaSalle	27,400 00	Mexico City	Detroit, U.S.A.
6	1,000	Imperial							
9	100	Can. Club	25,410 00	G.T.	24690	G. Scherer, Sandwich	26,250 00	Mexico City	Detroit, U.S.A.
	900	Imperial							
29	500	Walkers Old Rye	25,436 26	G.T.	100063	G. Scherer, Sandwich	23,625 00	Mexico City	Detroit, U.S.A.
	500	Imperial							
	100	Canadian Club							
May 2	500	Imperial	22,706 25	G.T.	19247	G. Scherer, Ford	26,250 00	Mexico City	Detroit, U.S.A.
	500	Walkers Old Rye							
19	800	Imperial	25,647 30	C.N.	341268	G. Scherer, Sandwich	26,276 25	Mexico City	Detroit, U.S.A.
	201	Can. Club							
20	900	Imperial					18,375 00		
	100	Epicure	30,604 14	G.T.P	301261	G. Scherer, Ford	2,722 50	Mexico City	Detroit, U.S.A.
	200	Walkers Old Rye							
	4 bbls.	Imperial							
29	1,000	Imperial	25,200 00	C.G.R.	550465	G. Scherer, Sandwich	26,250 00	Mexico City	Detroit, U.S.A.
29	1,000	Imperial	25,200 00	G.T.	102908	G. Scherer, Ford	26,250 00	Mexico City	Detroit, U.S.A.
June 19	800	Imperial	25,620 00	C.N.	425283	G. Scherer, Ford	26,250 00	Mexico City	Detroit, U.S.A.
	200	Can. Club							
July 6	1,000	Imperial	25,200 00	G.T.	25644	G. Scherer, Sandwich	26,250 00	Mexico City	Detroit, U.S.A.
14	900	Imperial	25,410 00	C.G.R.	260047	G. Scherer, Ford	26,250 00	Mexico City	Detroit, U.S.A.
	100	Canadian Club							
24	800	Imperial	25,620 00	C.N.	317885	G. Scherer, Ford	26,250 00	Mexico City	Detroit, U.S.A.
	200	Canadian Club							
Aug. 6	1,000	Imperial	25,200 00	C.N.	329418	G. Scherer, Ford	26,250 00	Mexico City	Detroit, U.S.A.
11	1,000	Imperial	25,200 00	G.T.	107407	G. Scherer, LaSalle	26,250 00	Mexico City	Detroit, U.S.A.
Aug. 14	1,000	Imperial					26,250 00		
	100	Canadian Club	27,930 00	G. & P.	303799	G. Scherer, Ford	2,825 00	Mexico City	Detroit
15	1,000	Imperial	25,200 00	C.N.	327309	G. Scherer, Ford	26,250 00	Mexico City	Detroit

[Mr. A. E. Nash.]

SCHEDULE I—*Concluded*

Date	Number of Cases	Nature of Goods	Purchase price	Freight car number and initial	Sold to	Selling Price	Destination of Shipment		Remarks
							As per B/L	As per "B. 13"	
			$ cts.			$ cts.			
1925									
Sept. 8	1,000	Imperial				26,250 00			
	100	Can. Club	27,930 00	C.N. 322392	G. Scherer, Ford	2,825 00	Mexico City	Detroit	
10	1,000	Imperial				26,250 00			
	78	Canadian Club Cocktail	28,125 30	C.G.R. 551406	G. Scherer, LaSalle	2,147 75	Mexico City	Detroit	
	39	Special Rye				1,083 75			
Oct. 2	1,000	Imperial				26,250 00			
	100	Can. Club	27,930 00	G.T. 108544	G. Scherer, LaSalle	3,825 00	Mexico City	Detroit	
3	1,000	Imperial	25,200 00	C.P. 91546	G. Scherer, Ford	26,250 00	Mexico City	Detroit	
19	1,000	Imperial	25,200 00	G.T. 101305	G. Scherer, Ford	26,250 00	Mexico City	Detroit	
19	1,000	Imperial	25,200 00	C.N. 61352	G. Scherer, LaSalle	26,250 00	Mexico City	Detroit	
29	300	Imperial				5,650 00			
	200	Can. Club	24,436 91	C.N. 425230	G. Scherer, LaSalle	7,875 00	Mexico City	Detroit	
	495	Walkers Old Rye				11,987 00			
Nov. 16	1,000	Walkers Old Rye	20,212 50	C.N. 426302	G. Scherer, Ford	21,500 00	Mexico City	Detroit	
19	1,000	Imperial	25,200 00	G. & P. 310923	G. Scherer, Ford	26,250 00	Mexico City	Detroit	
26	500	Imperial				13,125 00			
	500	Walkers Old Rye	22,706 25	C.N. 423802	G. Scherer, Ford	10,750 00	Mexico City	Detroit	
Dec. 7	1,200	Imperial	30,240 00	C.N. 304182	G. Scherer, Ford	31,500 00	Mexico City	Detroit	
9	1,200	Imperial	30,240 00	C.N. 316363	G. Scherer, Ford	31,500 00	Mexico City	Detroit	
24	500	Imperial				13,125 00			
	200	Can. Club	18,060 00	C.N. 304182	G. Scherer, Ford	5,650 00	Mexico City	Detroit	
1926									
Jan. 6	1,000	Imperial	25,200 00	G.T. 102833	G. Scherer, Ford	26,250 00	Mexico City	Detroit	
6	1,000	Imperial	25,200 00	G.T. 35291	G. Scherer, Ford	26,250 00	Mexico City	Detroit	
25	1,100	Imperial		G.T. 14805	G. Scherer, Ford	29,075 00	Mexico City	Detroit	
Feb. 8	500	Imperial		G.T. 107768	Mark Hardy, Pt. Dalhousie	13,125 00			These shipments taken from Inland Revenue Books as there are no other records, also these goods are part of shipments returned to Montreal from St. Pierre-Miquelon and St. Johns, Newfoundland.
18	1,000	Imperial			F. J. Parker	26,250 00			

Shipments where Export Entries show same Date as Invoices from Hiram Walker & Sons, Limited

1924									
Jan. 31	1,000	Imperial							Estimated selling price as per former invoice.
	100	Club	28,196 00		G. Scherer, Ford	28,875 00		Detroit, no invoice.	
Feb. 2	1,000	Imperial	25,440 00		G. Scherer, Ford	26,250 00		Detroit, no invoice.	
7	753	Imperial	19,156 32		G. Scherer, Ford	19,766 25		Detroit, no invoice.	
22	1,000	Imperial							
	250	Imperial	31,800 00		G. Scherer, Ford	32,812 50		Detroit, no invoice.	
29	1,000	Imperial	25,440 00		G. Scherer, Ford	26,250 00		Detroit, no invoice.	

Mar. 6	1,000	Imperial							
	97	Imperial							
	50	Epicure	29,706 50		G. Scherer, Ford	30,108 75		Detroit, no invoice	
Mar. 13	1,000	Imperial	28,196 00		G. Scherer Ford	28,875 00	Detroit	No invoice	Estimated selling price as per former invoices.
	100	Club							
" 21	1,000	Imperial	30,952 00		G. Scherer, Ford	31,500 00	Detroit	No invoice	
	200	Club							
27	1,000	Imperial	25,440 00		G. Scherer, Ford	26,250 00	Detroit	No invoice	
April 4	1,000	Imperial	25,440 00		G. Scherer, Ford	26,250 00	Detroit	No invoice	
11	1,000	Imperial							
	55	Imperial							
	200	Club							
	150	Epicure	37,331 44		G. Scherer, Ford	38,715 00	Detroit	No invoice	
19	1,000	Imperial	25,200 00		G. Scherer, Ford	26,250 00	Detroit	No invoice	
26	1,000	Imperial	25,200 00		G. Scherer, Ford	26,250 00	Detroit	No invoice	
30	1,000	Imperial	25,200 00		G. Scherer, Ford	26,250 00	Detroit	No invoice	
June 13	1,000	Imperial	25,200 00		G. Scherer, Ford	26,250 00	Detroit	No invoice	
Aug. 30	7 bbls.	Imperial	839 37			1,000 00		Estimated	
1925									
Feb. 2	1,000	Imperial	25,200 00			26,250 00			
	100,847 11 bbls.					2,663,018 55			

(These goods were shipped direct from Walkerville via boat "Killarney" to Detroit.)

SCHEDULE 2A

CUSTOMS ENQUIRY

Dominion Distillery Products Co. Limited

Sales of Whiskey of the Company's Own Blending from the Inception of the Company to 28th February, 1926

Date	Nature of Goods	Number of Cases	Number of Kegs	Sold to	Selling Price	Destination of Shipment		Remarks
						As per B/L	As per "B. 13"	
1924					$ cts.			
May 13	McPherson Scotch	100		W. Kemp, Sandwich	2,450 00	Mexico City	Detroit	
29	McPherson Scotch	165		W. Kemp, Sandwich	4,042 50	Mexico City	Detroit	
June 12	McPherson Scotch	132		W. Kemp, Sandwich	3,234 00	Mexico City	Detroit	
1925								
Feb. 17	Comber Malt Whiskey		1	G. Scherer, Sandwich	235 00	Mexico City	Detroit	
Mar. 9	Dominion Malt Whiskey		5	G. Scherer, Ford	1,175 00	Mexico City	Detroit	
10	Dominion Malt Whiskey		6	G. Scherer, Ford	1,410 00	Mexico City	Detroit	
16	Epicure Malt Whiskey		4	G. Scherer, Sandwich	720 00	Mexico City	Detroit	
May 6	Royal George Scotch	25		G. Scherer, Sandwich	875 00	Mexico City	Detroit	
6	Rye		1	G. Scherer, Sandwich	105 00	Mexico City	Detroit	
June 1	Royal George Scotch	200		G. Scherer, Ford	5,000 00	Mexico City	Detroit	
	Crown Rye		5	G. Scherer, Ford	375 00	Mexico City	Detroit	
22	Royal George Liqueur	100		G. Scherer, Ford	3,500 00	Mexico City	Detroit	
July 29	American Rye		10	J. Cooper, Ford	1,187 75	Mexico City	Detroit	
	Royal George Liqueur	25		G. Scherer, Ford	925 00	Mexico City	Detroit	
Aug. 18	Royal George Liqueur	40		G. Scherer, Ford	1,480 00	Mexico City	Detroit	All these goods were shipped with Hiram Walker's Whiskey shipments.
	American Bourbon		5	G. Scherer, Ford	900 00	Mexico City	Detroit	
18	Royal George Liqueur	40		G. Scherer, Ford	1,480 00	Mexico City	Detroit	
	American Bourbon		5	G. Scherer, Ford	900 00	Mexico City	Detroit	
Oct. 6	Royal George	50		G. Scherer, LaSalle	1,750 00	Mexico City	Detroit	
	Scotch Malt		5	G. Scherer, LaSalle	1,175 00	Mexico City	Detroit	
9	Royal George	50		G. Scherer, Ford	1,750 00	Mexico City	Detroit	
	Scotch Malt		5	G. Scherer, Ford	1,175 00	Mexico City	Detroit	
22	Royal George	50		G. Scherer, LaSalle	1,750 00	Mexico City	Detroit	
Nov. 2	Royal George	300		G. Scherer, LaSalle	10,500 00	Mexico City	Detroit	
19	Royal George	13 oz. 55		G. Scherer, Ford	1,760 00	Mexico City	Detroit	
	Royal George	2 oz. 10		G. Scherer, Ford	420 00	Mexico City	Detroit	
23	Royal George	95		G. Scherer, Ford	3,325 00	Mexico City	Detroit	
23	Royal George	55		G. Scherer, Ford	2,035 00	Mexico City	Detroit	
23	Royal George	10		G. Scherer, Ford	420 00	Mexico City	Detroit	
Dec. 12	Malt Whiskey	10		G. Scherer, Ford	2,200 00	Mexico City	Detroit	
29	Royal George	100						
		100						
		1,712	52		58,254 25			

SCHEDULE 2B

CUSTOMS INQUIRY

DOMINION DISTILLERY PRODUCTS CO., LIMITED

Sales of the Company's own Blending from Inception of the Company to February 28th, 1926

Date	Nature of Goods	Number of Cases	Number of Kegs	Sold to	Selling Price	Destination of Shipment		Remarks
						As per B/L	As per "B. 13"	
1924					$ cts.			
May 1	Bridgeport Whiskey	267		James Samson	8,130 15	Mexico City	Detroit	This shipment was seized at Windsor.
1925								
Jan. 14	Macpherson Whiskey	30		John Sheridan	850 50	Mexico City	Pt. Huron	
Jan. 15	Macpherson Whiskey	40		J. P. White	1,200 00	Mexico City	Buffalo	
Feb. 24	Dominion Malt		5	John Whitely	1,192 50	Mexico City	Messina	
May 6	Royal George Scotch	12		G. Scherer	420 00	Mexico City	Detroit	
May 9	Royal George Scotch	12		G. Scherer	420 00	Mexico City	Detroit	
May 23	Imperial	100		R. Adam	2,625 00	Mexico City	Detroit	
	Royal George	100		R. Adam	3,500 00	Mexico City	Detroit	
	Canadian Crown	100		R. Adam	2,300 00	Mexico City	Detroit	
	Old Rye Whiskey	100		R. Adam	2,130 00	Mexico City	Detroit	
June 8	Dominion Malt	10		J. White	2,350 00	Mexico City	Messina	
	Crown Whiskey	5		J. White	115 00	Mexico City	Messina	
	Prune Wine		2	J. White	36 00	Mexico City	Messina	
June 11	Crown Whiskey	5		J. Fitzgerald	115 00	Havana	Oswego	
	Malt		6	J. Fitzgerald	1,500 00	Havana	Oswego	
June 13	Royal George	100		J. White	4,000 00	Mexico City	Mexico City	
	Club Quarts	20		J. White	800 00	Mexico City	Mexico City	
	Mumms Champagne	10		J. White	500 00	Mexico City	Mexico City	
	Dominion Malt		5	J. White	5,250 00	Mexico City	Mexico City	
June 26	Royal George	50		Ontario Government Dispensaries	1,151 10	Toronto	Toronto	
July 25	Royal George	165		L. Evans	5,775 00	Mexico	Oswego	
	Dominion Malt		5	L. Evans	1,800 00	Mexico	Oswego	
July 15	Dominion Malt		2	Phil Ott	507 00	(Truck)	Messina	
July 8	Macpherson Scotch	15		G. Scherer, Ford	525 00	Mexico	Detroit	
	Dominion Malt		4	G. Scherer, Ford	1,000 00	Mexico	Detroit	
July 28	Dominion Malt		2	J. Burley	500 00		Messina	
Aug. 14	Club	100		A. Fuller	3,900 00	Mexico	Buffalo	
Aug. 17	Whiskey	200		W. Shears	8,000 00	Mexico	Cleveland	No invoice.
Aug. 17	Whiskey	200		C. Curnon	8,000 00	Mexico	Cleveland	No Invoice.
Aug. 27	Royal George	120		L. Evans	4,200 00	Mexico		
		30		L. Evans	1,110 00	Mexico	Oswego	
Aug. 31	Dominion Malt		2	J. Burley	500 00		Messina	
Oct. 14	Whiskey	156		L. Evans	5,460 00	Mexico		B/L only.
	Dominion Malt	2		L. Evans	500 00	Mexico		B/L only.
Dec. 24	Royal George	50		Ontario Government Dispensaries, Toronto	2,100 00	Toronto	Toronto	
Sept. 18	Whiskey	821		C. Curnon	287 35	Mexico		
Sept. 18	Whiskey		45	C. Curnon	1,125 00	Mexico		

[Mr. A. E. Nash.]

SCHEDULE 2B—*Concluded*

Date	Nature of Goods	Number of Cases	Number of Kegs	Sold to	Selling Price	Destination of Shipment		Remarks
						As per B/L	As per "B. 13"	
1924					$ cts.			
Sept. 16	Whiskey	200		L. Evans	7,000 00	Mexico		
	Whiskey	10		L. Evans	350 00	Mexico		
Sept.		15		L. Evans	6,485 00	Mexico		
Dec. 16	Dominion Malt		20	G. Scherer, Ford	4,784 50	Mexico	Detroit	
	Hennessy XXX	50		G. Scherer, Ford	2,550 00	Mexico	Detroit	
	Mitchells XXX	49		G. Scherer, Ford	1,911 00	Mexico	Detroit	
	Dewars Special	50		G. Scherer, Ford	2,640 00	Mexico	Detroit	
	Black & White	50		G. Scherer, Ford	2,550 00	Mexico	Detroit	
	Mumms Gordon Rouge	50		G. Scherer, Ford	3,000 00	Mexico	Detroit	
	Chauven's Sparkling Burgundy	1		G. Scherer, Ford	36 00	Mexico	Detroit	
Dec. 6	Scotch Whiskey	200		G. Scherer, Ford	10,800 00	Mexico	Detroit	
	Wine	51		G. Scherer, Ford	3,060 00	Mexico	Detoirt	
1925								
Mar. 3	Benedictine	2		C. Curnor, Chippawa	115 20	Mexico	Buffalo	
	Creme de Menthe	1		C. Curnor, Chippawa	52 20	Mexico	Bufialo	
	Creme de Menthe	1		C. Curnor, Chippawa	52 20	Mexico	Buffalo	
	Apricot Brandy	1		C. Curnor, Chippawa	45 00	Mexico	Buffalo	
	Chartreuse Yellow	1		C. Curnor, Chippawa	67 20	Mexico	Buffalo	
	Chartreuse Green	1		C. Curnor, Chippawa	75 00	Mexico	Buffalo	
	Booths House of Lords Gin	20		C. Curnor, Chippawa	888 00	Mexico	Buffalo	
	F. Daggers Jam Rum	2		C. Curnor, Chippawa	90 00	Mexico	Buffalo	
	Noilly Pratt & Cie Vermouthe	1		C. Curnor, Chippawa	19 80	Mexico	Buffalo	
	Hennessy XXX	25		C. Curnor, Chippawa	1,275 00	Mexico	Buffalo	
	Grand Old Pair	55		C. Curnor, Chippawa	3,069 00	Mexico	Buffalo	
	Dewars Ne Plusultra	45		C. Curnor, Chippawa	2,835 00	Mexico	Buffalo	
	Bullock Lade G. L	10		C. Curnor, Chippawa	510 00	Mexico	Buffalo	
	Charles Heidseich Brut 1921	25		C. Curnor, Chippawa	1,200 00	Mexico	Buffalo	
	Wine	25		C. Curnor, Chippawa	25 00	Mexico	Buffalo	
	Whiskey		1	Leo. George, Chippawa	350 00			Estimated at 10 gals. at $35.00 per gal.
	Whiskey		5	J. Cooper	1,750 00			Estimated at 50 gals. at $35.00 per gal.
Apr 11	Whiskey	391		A. J. Klit	16,110 00	Mexico	Detroit	
June 9	Whiskey	570		K. J. Connor	22,093 70	Mexico	Cleveland	No Invoice, Price taken from "B. $3."
			2					
Aug. 17	Whiskey	200		Stan. Myers	8,000 00	Mexico	Cleveland	No Invoice, Price taken from "B. 13."
	Whiskey	205		R. Agner	10,000 00	Mexico	Cleveland	No Invoice, Price taken from "B. 13."
	Whiskey		12	R Agner	360 00	Mexico	Cleveland	No Invoice, Price taken from "B. 13."
Aug. 21	Dominion Malt		4	J. Henry	500 00	Mexico		
	Can. Crown	2		J. Henry	46 00	Mexico		

Aug. 17	Royal George	140		L. Evans	4,900 00	Mexico	Oswego	
17	Royal George	10		L. Evans	370 00	Mexico	Oswego	
	Special Whiskey	7		L. Evans	220 50	Mexico	Oswego	
June 18–24	White Horse Scotch	99		W. Kemp	4,118 40	Mexico	Detroit	
Dec. 19–25	D Spirits	64		G. Scherer	44 80	Mexico	Detroit	Denatured Alcohol.
		5,591	122		241,105 95			
1926								
Jan. 11	Royal George	300		G. Scherer	10,500 00	Mexico	Detroit	
		5,891	122		251,605 95			

SCHEDULE 3A

CUSTOMS ENQUIRY—1926

Dominion Distillery Products Company Limited

Record of Alcohol Denatured, Denaturants used, Quantity of Denatured Alcohol produced and quantity shipped—taken from T—274

PRODUCTIONS

Date	Alcohol Std. Gals.	Alcohol Proof Gals.	Denaturants Used and Quantity			Std. Gals. Produced
1925						
Nov. 24	2,313·6	3,817·44	Dieth	57·8	Gals.	
			Brucine Sulph	24⅛	Ozs.	2,371·4
" 25	551·0	909·15	Dieth	13·8	Gals.	
			Brucine Sulph	6	Ozs.	564·8
" 26	1,884·4	3,109·26	Dieth	47·1	Gals.	
			Brucine Sulph	20	Ozs.	1,932·5
" 26	1,887·0	3,113·55	Dieth	47·2	Gals.	
			Brucine Sulph	20	Ozs.	21,934·7
" 27	3,364·3	5,551·10	Dieth	84½	Gals.	
			Brucine Sulph	38½	Ozs.	3,449·4
Dec. 8	2,071·3	3,417·65	Dieth	51·8	Gals.	
			Brucine Sulph	22	Ozs.	2,123·0
" 8	1,936·5	3,195·23	Dieth	48·4	Gals.	
			Brucine Sulph	20⅜	Ozs.	1,984·9
" 8	1,383·6	2,282·94	Dieth	34·6	Gals.	
			Brucine Sulph	14½	Ozs.	1,418·2
" 8	907·0	1,496·55	Dieth	22·7	Gals.	
			Brucine Sulph	9½	Ozs.	929·7
" 8	727·8	1,200·87	Dieth	18·2	Gals.	
			Brucine Sulph	7⅜	Ozs.	746·0
" 9	724·5	1,195·43	Dieth	18·1	Gals.	
			Brucine Sulph	7⅜	Ozs.	742·5
" 10	824·8	1,360·92	Dieth	20·6	Gals.	
			Brucine Sulph	8 7/10	Ozs.	845·4
" 15	3,442·9	5,680·79	Dieth	83·6	Gals.	
			Brucine Sulph	35¼	Ozs.	3,528·9
" 16	3,005·8	4,959·57	Dieth	75·2	Gals.	
			Brucine Sulph	30⅜	Ozs.	3,081·0
" 22	3,019·4	4,982·01	Dieth	75·5	Gals.	
			Brucine Sulph	32	Ozs.	3,094·9
" 23	1,157·6	1,910·4	Dieth	29	Gals.	
			Brucine Sulph	12¼	Ozs.	1,186·6
" 23	2,991·1	4,935·32	Dieth	74·8	Gals.	
			Brucine Sulph	21½	Ozs.	3,065·9
" 23	458·8	757·02	Dieth	115	Gals.	
			Brucine Sulph	4 9/10	Ozs.	470·3
" 28	1,873·5	3,091·28	Deith	46·9	Gals.	
			Brucine Sulph	19¾	Ozs.	1,920·5
" 31	419·4	692·01	Dieth	10·5	Gals.	
			Brucine Sulph	4⅛	Ozs.	429·6
1926						
Jan. 5	*461·9	777·38	Dieth	11·8	Gals.	
			Brucine Sulph	5	Ozs.	473·7
" 5	*648·3	1,091·09	Dieth	16·6	Gals.	
			Brucine Sulph	7	Ozs.	664·9
" 5	*650·1	1,094·12	Dieth	16·6	Gals.	
			Brucine Sulph	7	Ozs.	666·7
" 7	*553·8	932·05	Dieth	14·4	Gals.	666·7
			Brucine Sulph	6	Ozs.	567·9
" 8	*750·7	1,263·43	Dieth	19·3	Gals.	2567·9
			Brucine Sulph	8¼	Ozs.	770·0
" 9	*556·5	936·59	Dieth	14·3	Gals.	2770·0
			Brucine Sulph	6	Ozs.	570·8
" 11	*1,951·7	3,284·71	Dieth	49·8	Gals.	
			Brucine Sulph	21	Ozs.	2,001·5
" 11	*,1942·2	3,268·73	Dieth	49·6	Gals.	
			Brucine Sulph	20⅛	Ozs.	1,991·8
" 12	*734·1	1,235·49	Dieth	18·7	Gals.	
			Brucine Sulph	7 9/10	Ozs.	752·7
" 12	*738·5	1,242·90	Dieth	18·9	Gals.	
			Brucine Sulph	7 1/10	Ozs.	
" 12	*761·5	1,281·60	Dieth	19·4	Gals.	757·4
			Brucine Sulph	8 9/10	Ozs.	780·9

SCHEDULE 3A—*Continued*

Date	Alcohol Std. Gals.	Alcohol Proof Gals.	Denaturants Used and Quantity	Std. Gals. Produced
1926				
Jan. 12	833·0	1,374·45	Dieth..... 20·8 Gals....	
			Brucine Sulph..... 8¼ Ozs.....	853·8
" 13	415·8	686·07	Dieth..... 10·4 Gals....	
			Brucine Sulph..... 4⅛ Ozs.....	
" 13	2,081·2	3,433·98	Dieth..... 52 Gals....	
			Brucine Sulph..... 22 Ozs.....	426·2
" 13	625·5	1,032·07	Dieth..... 15·7 Gals....	2,133·2
			Brucine Sulph..... 6⅜ Ozs.	641·5
" 16	1,036·3	1,709·90	Dieth..... 26 Gals....	
			Brucine Sulph..... 12 Ozs.....	1,062·3
" 29	416·3	686·90	Dieth..... 11·4 Gals....	
			Brucine Sulph..... 4¾ Ozs.....	427·7
	50,101·7	82,989·59		51,363·5

*These items represent Barge Tremblay alcohol purchased from the Department.

CUSTOMS ENQUIRY—1926

DOMINION DISTILLERY PRODUCTS COMPANY LIMITED

Record of Alcohol Denatured, Denaturants used, Quantity of Denatured Alcohol produced and quantity shipped—taken from T—274

SALES

When Shipped	To Whom Shipped	Shipped Denatured Alcohol Std. Gals.
1925		
Nov. 26	G. Scherer, Ford	2,371·4
" 26	G. Scherer, Ford	564·8
" 27	G. Scherer, Ford	1,932·5
" 27	G. Scherer, Ford	1,934·7
" 30	G. Scherer, Ford	3,449·4
Dec. 8	L. Evans, Toronto	1,000·0
" 8	L. Evans, Toronto	1,000·0
" 8	L. Evans, Toronto	2,000·0
" 8	N. Herthe, ———	1,000·0
" 16	G. Scherer, Ford	3,790·0
" 15	L. Evans, Toronto	600·0
" 15	L. Evans, Toronto	747·7
" 27	G. Scherer, Toronto	7,210·0
" 31	G. Scherer, Toronto	8,220·0
1926		
Jan. 12	G. Scherer, Ford	5,095·8
" 12	G. Scherer, Ford	1,850·0
" 15	F. Parker, Ford	5,000·0
" 16	F. Parker, Ford	3,170·0
" 30	G. Scherer, Ford	427·7
		51,363·5

SCHEDULE 3B

CUSTOMS ENQUIRY—1926

DOMINION DISTILLERY PRODUCTS COMPANY, LIMITED

List of Export Shipments of Denatured Alcohol—Taken from Export Entries—B13

Customs Entry No.	Exported from Port of Exit	Date Port of Exit	To	Address	Number of Cases	Contents	Quantity in Standard Gallons	Total Value	Signature of Shipper's Agent
								$ cts.	
2831	Toronto, Ont.	Dec. 7, 1925	Louis Evans	Oswego, N.Y.	100	Denatured Spirits	1,000	7,000 00	G. Harbert
2895	Toronto, Ont.	Dec. 10, 1925	Louis Evans	Oswego, N.Y.	100	Denatured Spirits	1,000	7,000 00	G. Harbert
2927	Toronto, Ont.	Dec. 14, 1925	Louis Evans	Oswego, N.Y.	100	Denatured Spirits	1,000	7,000 00	G. Harbert
2967	Toronto, Ont.	Dec. 17, 1925	N. Herthe	Oswego, N.Y.	100	Denatured Spirits	1,000	7,000 00	"G. Hurlburt"
2966	Toronto, Ont.	Dec. 17, 1925	Louis Evans	Oswego, N.Y.	100	Denatured Spirits	1,000	7,000 00	"G. Hurlburt"
7666	Walkerville, Ont.	Dec. 22, 1925	G. Scherer	Detroit, Mich.	Kegs 790	Denatured Spirits	7,900	23,700 00	E. Mason
7666	Walkerville, Ont.	Dec. 22, 1925	G. Scherer	Detroit, Mich.	100	Denatured Spirits	1,000	3,000 00	
7666	Walkerville, Ont.	Dec. 22, 1925	G. Scherer	Detroit, Mich.	210	Denatured Spirits	2,100	6,300 00	
3011	Toronto, Ont.	Dec. 22, 1925	Louis Evans	Oswego, N.Y.	60	Denatured Spirits	600	4,200 00	G. Harbert
7750	Walkerville, Ont.	Dec. 28, 1925	G. Scherer	Detroit, Mich.	Kegs 822	Denatured Spirits	8,220	82,200 00	E. Mason
7890	Walkerville, Ont.	Jan. 4, 1926	G. Scherer	Detroit, Mich.	715	Denatured Spirits	7,150	21,450 00	E. Mason
7891	Walkerville, Ont.	Jan. 4, 1926	G. Scherer	Detroit, Mich.	Kegs 800	Denatured Spirits	8,000	24,000 00	E. Mason
8821	Walkerville, Ont.	Feb. 16, 1926	G. Scherer	Detroit, Mich.	315	Denatured Spirits	3,150	9,450 00	W. H. Durfe
8226	Walkerville, Ont.	Jan. 19, 1926	G. Scherer	Detroit, Mich.	817	Denatured Spirits	8,170	24,510 00	E. Mason
							51,290	233,810 00	

SCHEDULE 4

CUSTOMS ENQUIRY, 1926

Dominion Distillery Products Co., Limited

Schedule of Shipments of which there is no Record of Permit issued, Excise or Customs Duty Paid

Date	Case	Nature of Goods	Amount of Invoice	Shipped to	Estimated Duty	Estimated Proof Gallons	Remarks
1924			$ cts.		$ cts.		
Dec. 6	200	Scotch Whiskey	13,860 00	G. Scherer, Ford	3,400 00	340	
	51	Wines			465 00		
1925							
Mar. 3	190	C. Liquors	10,293 60	C. Curnor, Chippewa	3,035 40		
" 3		5 kegs Malt	1,750 00		410 00		Estimated Invoice Price
		1 bbl. Wine or Whiskey	350 00		82 00		" " "
April 11	279	"	13,713 90	A. J. Klit, Ford	4,743 00		
June 9	20	"	700 00	L. J. Connor, Maitland	340 00		Amount of invoice estimated
		2 bbls. "	57 00	L. J. Connor, Maitland	205 00		" " "
Aug. 17	100	"	3,500 00	Stan. Myers	1,700 00		" " "
"	205	"	3,675 00	R. Agner, Pt. Colborne	1,780 00		" " "
" 21	2	"	46 00	J. Henry	2,860 00		
" 17	7	"	220 50	L. Evans, Toronto	100 10		
			48,166 00		16,289 10		

SCHEDULE 5

CUSTOMS ENQUIRY

Dominion Distillery Products Co., Limited

Schedule of Sales Tax Paid by the Company and Sales Tax Payable

Date	Shipped to	Address	Amount of Original Invoice or "B, 13"	Sales Tax at 5 p.c.	Invoice on which Sales Tax was Paid	Amount of Sales Tax Paid According to Excise Dept's Books to 13th April, 1926	Number of Cases or Kegs	Brand	Remarks
1924			$ cts.	$ cts.	$ cts.	$ cts.			
May 1	James Samson	Sandwich	7,743 00	387 15			267	Bridgeport	
13	Wm. Kemp	Sandwich	2,450 00	122 50			100	MacPherson's	
17	Wm. Kemp	Sandwich	2,450 00	122 50			100	MacPherson's	
29	Wm. Kemp	Sandwich	4,042 50	202 13		447 12	165	MacPherson's	
June 12	Wm. Kemp	Sandwich	3,234 00	161 70			132	MacPherson's	
18	Wm. Kemp	Sandwich	3,925 35	373 84			99	White Horse	
							201	MacPherson's	
18	Wm. Kemp	Sandwich	4,924 50	264 23		407 92			
Nov. 25	Quebec Liquor Com	Montreal	4,575 26	228 76			200	MacPherson's	
26	G. Dumain	Deseronto	1,790 40	89 52		228 76	8		(80 G. Dom. Malt), $22.38.
Dec. 15	G. Scherer	Ford	4,490 00	224 50			Kegs 20	Dom. Malt Whiskey	
15	G. Scherer	Belle River	13,200 00	660 00			200	Scotch Whiskey	Que. Liq. Com.
							51	Wines	
15	G. Scherer	Ford	13,869 52	693 48			262	Whiskey	Reported as repack of above 251 cases.
19	Charles Curnor	Chippewa	2,955 00	147 75		1,761 39	150	MacPherson	
1925									
Jan. 14	John Sheridan	Sarnia	810 00	40 50	591 00	29 55	30	MacPherson	
15	P. J. White	Chippewa	1,142 86	57 14	788 00	39 40	40	MacPherson	
Feb. 17	G. Scherer	Sandwich	223 81	11 19	131 50	6 58	Kegs 1	Comber Malt	
24	John Whitely	St. Regis	1,135 71	56 79	755 00	37 75	Kegs 5	Dominion Malt	(50 G. Dom. Malt), $22.71.
25	G. Scherer	Ford	1,135 71	56 79			5		50 stan. gal. Estimated.
Mar. 3	Chas. Curnor	Chippewa	12,185 71	609 29	1,477 50	73 88	Kegs 6	MacPherson Whiskey	
							75	Liqueurs	
							196		
9	G. Scherer	Ford	1,119 05	55 95	755 00	37 75	5	Dominion Malt	
10	G. Scherer	Sandwich	1,342 86	67 14	755 00	37 75	Kegs 6	Dominion Malt	
16	G. Scherer	Sandwich	685 71	34 29	428 00	21 40	Kegs 4	Epicure Malt	
25	G. Scherer	Sandwich	302 00	15 10		15 10	Kegs 2	Dominion Malt	Estimated.
2	C. Curnor	Chippewa	1,119 05	55 95			5	At $22.38	
April 11	A. J. Kilx	Ford	15,342 86	767 14	2,282 00		100	MacPherson	
							12	Old Durham	
							279	Whiskey	391 shipped.
9	G. Scherer	Sandwich	137 00	6 85			Kegs 1	Dominion Malt	
8	G. Scherer	Sandwich	482 86	24 14		119 05	Kegs 2	At $24.14	

	1925										
May	6	G. Scherer	Sandwich	936 67	46·83	700 00	35·00		25	Royal George	
	6	G. Scherer	Sandwich	400 00	20·00	300 00	15·00		12	Royal George Scotch	
	9	G. Scherer	Ford	400 00	20·00	300 00	15·00		12	Royal George Scotch	
	26	G. Scherer	Ford	7,183 33	359·17	5,375 00			200	Royal George	
									5	Crown Rye	
	26	R. Adam	Port Lambton	5,523 81	276·19	4,375 00			100	Royal George	
									100	Canadian Crown	
June	8	John White	Messina, N.Y.	2,416 19	120·81	1,478 25			10	Dominion Malt	
									5	Canadian Crown	
									2	Prune Wine	
	9	L. J. Connor	Pt. Maitland	21,041 62	1,052·08				2		
									570	Whiskey	572 shipped.
	11	John Fitzgerald	Alexandria Bay	1,558 09	77·91	915 75			5	Crown Whiskey	
									6	Malt	
	13	John White	Toronto	8,895 24	444·76	4,555 00			100	Royal George	20 Club Quarts
									30	Dominion Malt	10 Mums, 160 shipped.
	22	G. Scherer	Ford	3,333 33	166·67	2,500 00			100	Royal George	
	26	The Ontario Dispensaries	Toronto	2,050 00	102·50	1,250 00			50	Royal George Liqueur	
	11	G. Scherer	Pt. Lambton	241 40	12·07				1		Estimated
	18	G. Scherer	Ford	847 30	42·37				5	(MacPherson's)	at $24.50 plus 5% Tax estimated.
July	15	Phil. Ott	Messina, N.Y.	482 86	24·14	274 00	13·70	Kegs	2	Dominion Malt	
	8	G. Scherer	Ford, Ont	1,465 71	73·29	843 50	42·18		15	MacPherson Scotch	
									4	Dominion Malt	
	25	Louis Evans	Toronto	7,214 29	360·71	4,947 00	247·35	Kegs	12	Dominion Whiskey	
									165	Royal George	
	28	J. Burley	Messina	482 86	24·14	274 00	13·70		2	Dominion Malt	
	29	G. Scherer	Ford	880 95	44·05	650 00	32·50		25	Royal George	
	29	G. Scherer	Ford	1,238 09	61·91	1,035 00	51·75	Kegs	10	American	100 gallons.
Aug.	14	A. Fuller	Port Colborne	3,714 29	185·71	2,940 00			100	Canadian Club Whiskey	St. Pierre.
	17	Robt. Agner	Port Colborne	9,523 81	476·19				215	Whiskey	215 shipped.
	17	Robt. Agner	Port Colborne	342 86	17·14			Kegs	2	Whiskey	
	17	Stan. Myers	Port Colborne	7,619 05	380·95				200	Whiskey	
	17	Louis Evans	Toronto	5,229 05	261·45	3,760 00			150	Royal George	B·13 shows $5,585.00.
									7	Special Whiskey	
	17	C. Curnor	Port Colborne	7,619 05	380·95				200	Whiskey	
	17	Wm. Shears	Port Colborne	7,619 05	380·95				200	Whiskey	
	18	G. Scherer	Ford	873 81	43·69	1,557 50			40	Royal George	
	18	G. Scherer	Ford	1,409 52	70·48			Kegs	5	American Bourbon	
	18	G. Scherer	Ford	2,283 33	114 17	1,557 50			40	Royal George	
								Kegs	5	American Bourbon	
	21	J. Henry	Alexandria Bay	531 43	26 57	31 50			2	Canadian Crown	
								Kegs	4	Dominion Malt	
	31	J. Curley	Messina, N.Y.	482 86	24 14	274 00		Kegs	2	Dominion Malt	
	31	J. McHenry	Messina, N.Y.	500 00	25 00				20	Royal George	
	27	Louis Evans	Toronto	3,780 00	189 00		614 70		150	Royal George	
Sept.	16	J. McHenry	Messina, N.Y.	500 00	25 00				20	Royal George	
	16	B. Ott	Messina, N.Y.	137 00	6 85			Kegs	1	Dominion Malt	
	16	Louis Evans	Toronto	117 50	5 88				5	American Bourbon	
	23	Louis Evans	Toronto	4,380 00	219 00				180	Royal George	
	18	O. Curnor	P. Colborne	21,607 50	1,080 38				600	Canadian Club	
								Kegs	45	American Bourbon	
	4	J. McElroy	Alexandria Bay	294 00	14 70				12	MacPherson	At $24.50 plus 5% Sales Tax. Est.
	16	Louis Evans	Toronto	735 00	35 75				30	MacPherson	At $24.50 plus Estimated.
	18	Louis Evans	Toronto	1,837 50	91 88				75	MacPherson	At $24.50 plus Estimated.

SCHEDULE 5—Concluded

CUSTOMS ENQUIRY

DOMINION DISTILLERY PRODUCTS CO., LIMITED

Schedule of Sales Tax Paid by the Company and Sales Tax Payable

Date	Shipped to	Address	Amount of Original Invoice or "B. 13"	Sales Tax at 5 p.c.	Invoice on which Sales Tax was Paid	Amount of Sales Tax Paid According to Excise Dept's Books to 13th April, 1926	Number of Cases or Kegs	Brand	Remarks
1925			$ cts.	$ cts.	$ cts.	$ cts.			
Oct. 6	G. Scherer	LaSalle	2,804 76	140 24			50	Royal George	
9	G. Scherer	Ford	6,133 33	306 67			Kegs 5	Scotch Malt	
							50	Royal George	
							Kegs 5	Scotch Malt	
22	G. Scherer	LaSalle	1,666 67	83 33			Kegs 35	Amreican Bourbon	
14	Louis Evans	Toronto	4,304 86	215 24			50	Royal George	
							156		$24.50 Bill of lading only record 108 Estimated.
12	J. Hunter	Walkerville	724 20	36 21			Kegs 2		
15	J. Hunter	LaSalle	2,414 00	120 70			Kegs 3		
16	J. Hunter	LaSalle	2,655 40	132 77			Kegs 10		
16	J. Hunter	LaSalle	4,586 60	229 33			Kegs 11	Malt at $24.14 gal.	Estimated.
23	G. Scherer	Ford	3,621 00	181 05			Kegs 19		
19	G. Scherer	Ford	294 00	14 70			Kegs 15		
22	G. Scherer	Ford	490 00	24 50			13	At $24.50 plus 5% sales tax	
							30		Estimated.
Nov. 2	G. Scherer	LaSalle	10,000 00	500 00			300	Royal George	
19	G. Scherer	Ford	4,647 62	232 38			155	Royal George	
23	G. Scherer	Ford	5,504 76	275 24			160	Royal George	
4	L. Evans	Toronto	965 60	48 28			Kegs 4		$24.14 gal. Estimated.
20	L. Evans	Toronto	241 40	12 07			Kegs 1		$24.14 gal. Estimated.
4	L. Evans	Toronto	2,450 00	122 50			100		
12	L. Evans	Toronto	3,657 00	183 75			150	(Estimated)	At $24.50 case plus 5% S. Tax.
25	L. Evans	Toronto	1,666 00	83 30			68		
25	L. Evans	Toronto	147 00	7 35			6		
1925 Dec. 12	E. Scherer	Ford	$ 2,133 33	$ 106 67			Kegs 10	Malt	10 ga. each at $21.33 gal. plus 5%
24	Ontario Dispensaries	Toronto	2,000 00	100 00			50	Royal George Liqueur	
29	G. Scherer	Ford	6,857 14	342 86			200	Royal George	
29	G. Scherer	Ford	4,266 67	213 33			64	Dominion Spirits	10 gal. each at $6.66 gal. plus Sales Tax.
10	J. Hobbs	Pt. Colborne	9,849 00	492 45		100 00	402	(Estimated)	At $24.50 per case plus 5%.
				$ 17,109 67		$ 4,893 73			

1926 Feb. 8....	Mark Hardy.....	Pt. Dalhousie.....	12,250 00	612 50	.....	.....	500	.....	Estimated.
	Mark Hardy.....	Pt. Dalhousie.....	2,414 00	120 70	.....	.....	Kegs 10	.....	"
	F. Parker.....	Ford.....	2,414 00	120 70	.....	.....	Kegs 10	.....	"
Sept. 24, '25 to Feb. 13, '26	Releases from Customs Bond—not entered in Inland Revenue Books....	.....	66,444 00	3,322 20	.....	.....	2,712	.....	"
	Less:—Entered above.....	.....	7,483 40	374 17	.....	.....	Kegs 31		
		.....	15,067 50	753 38	.....	.....	615		
Dec. 7, '25 to Feb. 19, '26	Denatured Alcohol.....	.....	$ 233,810 00	$ 11,690 50	.....	.....	Cases 2,717		
							Kegs 2,412		
				$ 32,596 06		$ 4,693 73			

SCHEDULE 6

CUSTOMS ENQUIRY—1926

SALES OF WHISKEY TO W. GEORGE LIMITED AND OTHER GEORGE COMPANIES CLEARED FOR ST. PIERRE-MIQUELON OR ST. JOHNS, NEWFOUNDLAND, FROM AN ATLANTIC PORT AS SHOWN BY THE RECORDS OF HIRAM WALKER AND SONS LIMITED

Date	Cases Quantity	Classification	Amount Paid	Name of Boat	Destination
			$ cts.		
1923					
Sept. 13....	4,500	Canadian Club.....	41,625 00	Bernard M.....	St. Pierre-Miquelon
Oct. 16....	2,500	" " Litres....	26,250 00	Sable I.....	" "
" 16....	2,500	" "	22,500 00	"	" "
1924					
Jan. 29....	2,500	" "	22,500 00	"	" "
Mar. 28....	2,000	" "	18,000 00	Spes.....	" "
" 28....	2,000	" " Litres....	21,000 00	"	" "
April 23....	4,000	" " "	42,000 00	Sable I.....	" "
" 23....	6,000	" "	54,000 00	"	" "
May 21....	1,500	" "	13,500 00	Stella Maris.....	" "
" 21....	500	" " Litres.....	5,250 00	"	" "
May 23....	5,000	" "	45,000 00	Bernard M.....	" "
June 5....	4,000	" "	36,000 00	"	" "
" 5....	2,000	" " Litres.....	21,000 00	"	" "
Sept. 9....	3,500	" "	36,750 00	Fred B (formerly the Bernard M)...	" "
" 20....	4,000	" "	36,000 00	Sable I.....	" "
July 24....	1,000	" "	9,750 00	"	St. Johns. Newfoundland
Sept. 23....	2,000	" "	.....	"	" "
" 25....	2,000	" "	.....	"	" "
" 26....	1,000	" "	52,500 00	"	" "
	52,500		503,625 00		

SCHEDULE 7

CUSTOMS ENQUIRY, 1926

W. George Limited, St. John, N.B.

St. George Export and Import Company, St. Pierre Miquelon

Statement of Sales said to have been Shipped to St. Pierre Miquelon as shown by Hiram Walker & Sons, Limited, but in Reality Shipped to Detroit

Date	Particulars		Classification	Total Selling Price	Consignee as per invoice	Shipped by
	Cases	Kegs				
1923				$ cts.		
Jan. 6	1,000		1914 Imperial	32,813 00	W. George Co., Limited, St. John, N.B	"S.S. Killarney"
	100		1911 Club			
	150		1905 Epicure			
20	1,000		1914 Imperial	25,080 00	" " "	"
25	1,000		1914 Imperial	25,080 00	" " "	"
27	1,000		1914 Imperial	25,080 00	" " "	"
30		50	1914 Imperial	5,515 00	" " "	"
Feb. 2	1,000		1914 Imperial	25,080 00	" " "	"
10	1,000		1914 Imperial	25,080 00	" " "	"
	1,000		1914 Imperial	25,080 00	" " "	"
15	1,000		1914 Imperial	25,080 00	" " "	"
17	1,000		1914 Imperial	25,080 00	" " "	"
22	1,000		1914 Imperial	25,080 00	" " "	"
24	1,000		1914 Imperial	25,080 00	" " "	"
Mar. 1	1,000		1914 Imperial		" " "	"
	100		1909 Club		" " "	"
		5 1-Gal.	1917 Spirits		" " "	"
		2 1-Gal.	1915 Club	27,919 26	" " "	"
3	1,000		1914 Imperial	25,080 00	" " "	"
8	1,000		1914 Imperial	25,080 00	" " "	"
10	1,000		1914 Imperial	25,080 00	" " "	"
20	75		1914 Imperial	1,881 00	" " "	"
April 4	925		1914 Imperial	23,199 00	" " "	"
4	1,000		1914 Imperial		" " "	"
4	50		1914 Imperial	26,386 25	" " "	"
7	1,000		1914 Imperial	25,080 00	" " "	"
17	1,000		1914 Imperial	25,080 00	" " "	"
19	1,000		1914 Imperial	25,080 00	" " "	"
19		50	1914 Imperial	5,515 00	" " "	"
28	1,000		1914 Imperial	25,080 00	" " "	"
May 5	1,000		1914 Imperial	25,080 00	" " "	"
12	1,000		1914 Imperial	25,080 00	St. George Import and Export Co., St. Pierre Miquelon	"
15	1,000		1914 Imperial	25,080 00	" " " " " "	"
19	1,000		1914 Imperial	25,080 00	" " " " " "	"
26		50	1914 Imperial	5,515 00	" " " " " "	"
26	1,020		1914 Imperial		" " " " " "	"
	101		1914 Imperial		" " " " " "	"

[Mr. A. E. Nash.]

SCHEDULE 7—Concluded

CUSTOMS ENQUIRY, 1926

W. George, Limited, St. John, N.B.

St. George Export & Import Company, St. Pierre Miquelon

Statement of Sales said to have been shipped to St. Pierre Miquelon as shown by Hiram Walker & Sons, Limited, but in Reality shipped to Detroit

Date	Particulars		Classification	Total Selling Price	Consignee as per invoice	Shipped by
	Cases	Kegs				
1923				$ cts.		
May	57		1914 Imperial	29,656 08	St. George Import & Export Co., St. Pierre Miquelon	"S.S. Killarney"
31	1,000		1914 Imperial	25,080 00	" " " " "	"
June 5	1,000		1914 Imperial	25,080 00	" " " " "	"
12	1,000		1914 Imperial		" " " " "	"
	200		1909 Club		" " " " "	"
	84		1906 Epicure	33,322 96	" " " " "	"
16	1,000		1914 Imperial	25,08 000	" " " " "	"
23	1,000		1914 Imperial		" " " " "	"
	99		1916 Imperial		" " " " "	"
	105		1915 Imperial		" " " " "	"
	100		1909 Club	33,074 27	" " " " "	"
30	1,000		1914 Imperial	25,080 00	" " " " "	"
July 6	1,010		1914 Imperial	25,330 80	" " " " "	"
10	1,000		1914 Imperial	25,080 00	" " " " "	"
		50	1914 Imperial	5,515 00	" " " " "	"
14	1,000		1914 Imperial	25,080 00	" " " " "	"
20	1,000		1914 Imperial	25,080 00	" " " " "	"
27	1,010		1914 Imperial		" " " " "	"
	125		1909 Club	28,727 05	" " " " "	"
Aug. 10	1,000		1914 Imperial	25,080 00	" " " " "	"
18	1,000		1914 Imperial		" " " " "	"
	100		1909 Imperial	27,797 00	" " " " "	"
24	1,000		1914 Imperial	25,080 00	" " " " "	"
29	1,000		1914 Imperial	25,080 00	" " " " "	"
30	1,000		1914 Imperial	25,080 00	" " " " "	"
31	1,000		1915 Imperial		" " " " "	"
	50		1906 Epicure	26,752 00	" " " " "	"
Sept. 7	1,000		1915 Imperial	25,080 00	" " " " "	"
11	1,000		1915 Imperial	25,080 00	" " " " "	"
14	1,050		1915 Imperial		" " " " "	"
	100		1909 Club		" " " " "	"
	50		1906 Epicure	29,469 00	" " " " "	"
19	1,000		1915 Imperial	25,080 00	" " " " "	"
22	1,000		1915 Imperial		" " " " "	"
	200		1916 Club	30,514 00	" " " " "	"
		10	1916 Imperial	1,103 00	" " " " "	"

	26	1,000		1915 Imperial	25,080 00	"	"	"	"	"	"
	28	1,000		1915 Imperial	25,080 00	"	"	"	"	"	"
Oct.	5	1,000		1915 Imperial		"	"	"	"	"	"
		100		1909 Club	27,797 00	"	"	"	"	"	"
	10	1,000		1915 Imperial		"	"	"	"	"	"
		200		1909 Club	30,514 00	"	"	"	"	"	"
	12	1,000		1915 Imperial	25,080 00	"	"	"	"	"	"
	19		30	1916 Imperial	3,309 00	"	"	"	"	"	"
		1,000		1915 Imperial	25,080 00	"	"	"	"	"	"
		1,000		1915 Imperial		"	"	"	"	"	"
		50		1906 Epicure	26,752 00	"	"	"	"	"	"
	23	1,000		1915 Imperial	25,080 00	"	"	"	"	"	"
	27	1,000		1915 Imperial	25,080 00	"	"	"	"	"	"
	31	1,000		1915 Imperial	25,080 00	"	"	"	"	"	"
Nov.	2	1,000		1915 Imperial	25,080 00	"	"	"	"	"	"
	9	1,000		1915 Imperial		"	"	"	"	"	"
		104		1917 Imperial		"	"	"	"	"	"
		103		1917 Imperial		"	"	"	"	"	"
		200		1909 Club		"	"	"	"	"	"
	9	50		1906 Epicure	37,539 54	"	"	"	"	"	"
	9	1,000		1915 Imperial	25,080 00	"	"	"	"	"	"
			25	1916 Imperial	2,757 00	"	"	"	"	"	"
	16	1,000		1915 Imperial	25,080 00	"	"	"	"	"	"
	20	1,000		1915 Imperial	25,080 00	"	"	"	"	"	"
	23	1,000		1915 Imperial	25,080 00	"	"	"	"	"	"
	27	1,000		1916 Imperial	25,080 00	"	"	"	"	"	"
		200		1909 Club	5,434 00	"	"	"	"	"	"
	29	2,000		1916 Imperial		"	"	"	"	"	"
		100		1917 Imperial, 2 oz		"	"	"	"	"	"
		1		1917 Imperial, 40 oz		"	"	"	"	"	"
		235		1909 Club		"	"	"	"	"	"
		100		1908 Epicure	62,879 74	"	"	"	"	"	"
Dec.	15	1,000		1920 Imperial		"	"	"	"	"	"
		200		1909 Club		"	"	"	"	"	"
		200		1917 Club	35,948 00	"	"	"	"	"	"
	18	1,000		1920 Imperial	25,080 00	"	"	"	"	"	"
	22	500		1900 Imperial		"	"	"	"	"	"
		330		1909 Club	22,087 22	"	"	"	"	"	"
		1,500		1920 Imperial	37,620 00	"	"	"	"	"	"
	29	1,000		1920 Imperial	26,080 00	"	"	"	"	"	"
	31	2,241		Club Bottles	67,383 69	"	"	"	"	"	"
		259		Imperial		"	"	"	"	"	"
	1924										
Jan.	4	1,000		1920 Imperial	25,440 00	"	"	"	"	"	"
	11	1,000		1920 Imperial	25,440 00	"	"	"	"	"	"
	19	1,000		1920 Imperial	25,440 00	"	"	"	"	"	"
May	3	1,000		1920 Imperial	25,200 00	"	"	"	"	"	"
June	2	1,500		Imperial	37,620 00	"	"	"	"	"	"

[Mr. A. E. Nash.]

SCHEDULE 8

CUSTOMS ENQUIRY—1926

SALES OF WHISKEY BY HIRAM WALKER & SONS LIMITED, CONSIGNED TO THE GEORGE COMPANIES NOT COVERED BY SHIPPING RECORDS

Date		Particulars		Total Amount
		Cases	Kegs	
				$ cts.
1921				
Nov.	19		40	3,409 30
	24		60	5,036 70
	29		60	5,036 70
	30	600		14,832 00
	30	75		1,854 00
Dec.	2		65	5,456 43
	15	40		988 80
	15		100	8,394 50
	19	75		1,854 00
	21	225		5,562 00
	23		95	7,974 77
	28	200		4,944 00
	29	200		4,944 00
1922				
Jan.	3	200		4,944 00
	6	205		5,067 60
Feb.	27	190		4,696 80
Mar.	3	225		5,562 00
	14	225		5,562 00
	17	225		5,562 00
	22	225		5,562 00
	24	225		5,562 00
	29	225		5,562 00
April	1	225		5,562 00
	4	225		5,562 00
	5	300		7,416 00
	7	300		7,416 00
	11	300		7,416 00
	12	300	60	12,452 70
	15	300		7,416 00
	17	300	60	12,452 70
	19	300		7,416 00
	21	300	60	12,452 70
	24	300		7,416 00
	26	300		7,416 00
	27	300		7,416 00
	29	225		5,562 00
	29	225		5,562 00
May	1	300		7,416 00
	6	300		7,416 00
	8	300		7,416 00
	8	150		3,708 00
	10	300		7,416 00
	10	10		267 80
	10	5		144 20
	12	300		7,416 00
	13	300		7,416 00
	15	300		7,416 00
	16	300	20	9,094 90
	18	300		7,416 00
	20	300		7,416 00
	23	300		7,416 00
	25	300		7,524 00
	26	300		7,524 00
	27	300		7,524 00
	30	300		7,524 00
	31	300	20	9,227 35
June	1	300		7,524 00
	3	300		7,524 00
	7	300	20	9,227 35
	8	300		7,524 00
	12	300		7,524 00
	13	300		10,930 70
	15	335		8,474 95
	19	300		7,524 00
	20	300		7,524 00

SCHEDULE 8—Concluded

CUSTOMS ENQUIRY—1926

SALES OF WHISKEY BY HIRAM WALKER & SONS LIMITED CONSIGNED TO THE GEORGE COMPANIES NOT COVERED BY SHIPPING RECORDS—*Concluded*

Date	Particulars		Total Amount
	Cases	Kegs	
1922			$ cts.
June 22	300	.....	7,524 00
23	300	.....	7,524 00
26	300	.....	7,524 00
27	300	.....	7,524 00
29	1,000	.....	25,080 00
30	600	.....	15,048 00
July 4	600	.....	15,048 00
4	.....	20	1,703 35
8	600	.....	15,048 00
8	300	.....	7,524 00
13	1,000	.....	25,080 00
13	.....	25	2,129 19
13	.....	20	1,703 35
19	300	20	9,227 35
22	1,000	.....	25,080 00
22	305	5	8,098 75
29	1,000	.....	25,080 00
Aug. 4	310	40	11,228 53
11	1,000	.....	25,080 00
11	300	.....	7,524 00
12	1,000	.....	25,080 00
12	300	.....	7,524 00
16	1,000	.....	25,080 00
23	7	*20 Jars	455 83
23	1,250	.....	31,350 00
23	300	.....	7,524 00
23	300	.....	7,524 00
26	1,250	.....	31,350 00
30	1,500	.....	38,142 50
31	324	.....	8,138 46
Sept. 9	1,500	45	41,570 10
9	300	20	9,297 60
16	1,000	.....	25,080 00
22	1,020	.....	25,748 80
26†	.....	.....	627 00
26	312	20	9,837 63
26	.....	2	238 68
29	1,000	.....	25,080 00
29	1,000	30	27,948 52
Oct. 4	1,000	23	27,279 20
6	1,000	.....	25,080 00
12	1,000	.....	25,080 00
20	1,020	44	29,955 97
20	326	.....	10,626 08
21	1,150	.....	29,469 00
26	1,000	.....	27,470 44
28	1,000	.....	25,080 00
31	1,000	.....	25,080 00
Nov. 4	1,050	.....	26,752 00
4	1,000	.....	25,080 00
10	1,250	30	34,636 53
18	975	15	26,305 26
18	1,150	.....	29,469 00
23	1,100	.....	27,797 00
30	1,025	20	27,721 97
30	600	80	22,271 88
Dec. 4	1,000	.....	25,080 00
8	1,140	.....	29,761 60
8	6,860	.....	172,884 80
23	1,200	.....	30,096 00
23	1,452	.....	37,907 38
	66,436	1,119	1,756,466 70

*20 Jars

†Additional charges—Invoices July 22nd, August 4th and Sept. 9th.

[Mr. A. E. Nash.]

Hon. Mr. STEVENS: I would like to suggest, Mr. Chairman, to Mr. Calder, following immediately on this report, that the schedules to which Mr. Nash has referred in the report should be in the record so that we will be able to refer to the schedules and get a detailed explanation. In the last paragraph Mr. Nash, the auditor, mentions numerous letters, agreements, and other documents, and no doubt some of those would throw light on the report.

By Mr. Calder, K.C. (to witness):

Q. You segregated some of those and took them back, did you not?—A. We separated all the letters that were referred to here and made a schedule of them.

Q. Leaving the balance with me?—A. The reason why we did not attach the schedules is that they are so very large, and we felt possibly some of them may not be of importance except as to the total, and the fact, also, that we had to make fifteen or sixteen copies of this report. It would have been impossible in the time to have made fifteen or sixteen copies of the schedules.

Q. How many copies of the schedule have you available?—A. I think we have six copies of each of the schedules available.

Hon. Mr. STEVENS: Perhaps you will save confusion or embarrassment just now by picking out these schedules with Mr. Nash and, if the Chairman or the Committee agree, ordering that they be printed immediately following this report, virtually attaching them to this report.

Mr. CALDER, K.C.: I will do that in the interval between this sitting and the next. In the meantime there are some productions that were not scheduled that I would like to make here at once for the record.

By Mr. Calder, K.C. (to witness):

Q. In the first place will you produce those books which, in your opinion, and in the opinion of the Question Document Expert, were re-written, naming them as you produce them and keeping them before you.—A. The first book I produce is a Cheque Voucher Register, dating from March 1924 to June 1925. In connection with this book Mr. Lomax made certain tests in several places, and that is one of the books on which he bases his opinion. It was written only a few weeks before.

Q. Will you produce that as Exhibit No. 175? Now, before we leave that, so that something may appear in the records, it is a loose record?—A. A loose leaf record, yes.

(Exhibit 176. Cheque Voucher Register from March 1, 1924 to June 30, 1925).

By Mr. Calder, K.C.:

Q. And his deduction is based entirely upon the freshness of the ink?—A. Mr. Lomax's deduction is based entirely on the freshness of the ink.

Q. And your deduction is based upon certain omissions?—A. Upon certain omissions and errors that appear in the book.

By the Chairman:

Q. As detailed in the report?—A. As detailed in the report, yes; numerous clerical errors and omissions.

The CHAIRMAN: That appears on page 2 of the report.

By Mr. Calder, K.C.:

Q. Is the binder of that book the binder to which you allude when you say a binder was purchased recently?—A. That is the binder, yes. We went to the stationers' store and obtained information as to the purchase of the binder and the date.

The CHAIRMAN: Paragraph 7, page 3, it is detailed here.

Mr. CALDER, K.C.: We have to reconcile it with the Exhibits.

By Mr. Calder, K.C.:

Q. What is the next book?—A. Would I mark that?

Q. You might mark that on the label, mark it "Ex. 175"?—A. I will mark it in pencil (witness marks).

Q. Now what is the next book that has been re-written?—A. The next book is a Journal dating from March 1, 1924, to February 1925.

Q. Will you file that book as Exhibit 176? As to that book what are the reasons.—A. The same remarks would apply to that.

(Exhibit 177. Journal, March 1, 1924 to June 30, 1925).

By Mr. Calder, K.C.:

Q. The same remarks. That is not the book from which the pages were torn out?—A. No.

Q. What is the next book which, in your opinion, is re-written?—A. The next book is called Cash Register, March 1924 to June 1925.

Q. Will you produce that as Exhibit 177?

(Exhibit 178. Cash Register, March 1, 1924 to June 30, 1925).

—A. (WITNESS): The same remarks apply to that book. And the next book is a Ledger, to the first part of which the same remarks would apply.

Q. Is that a loose leaf record?—A. That is a loose leaf record, yes.

Q. And the first part has apparently been re-written?—A. Yes.

Q. And the latter part is of older date and apparently unfinished?—A. I would not like to say that; I would prefer to make no comment on the latter part because I have nothing at my command that would lead me to say it was right or wrong.

Q. How did you describe that book, I beg your pardon?—A. This is a loose leaf ledger.

(Exhibit 179. General Ledger (1st part), March 1 to June 30, 1925).

By Mr. Calder, K.C.:

Q. Will you file that as Exhibit 178?—A. (Witness marks). The next book I produce is not marked on the outside. On the top of the first page is "Accounts Payable, Dominion Distillery Products Limited." This is the book out of which 82 pages have been removed and to which I refer. There are indications on the remaining portion of the pages that have been removed showing they had been in use for some purpose.

Q. Would you state from the condition in which it is that the removal had been hastily done?—A. I would perhaps prefer not to give an opinion on that.

Q. The Committee can deduce that?—A. They can deduce that if they wish to.

Q. The remaining portions, the writing there, do they appear to be portions of an entry?—A. Yes. There are only two pages.

By the Chairman:

Q. Is that the book you refer to as the black journal?—A. Oh, no sir.

Mr. CALDER, K.C.: The black journal is coming later, sir.

The WITNESS: There are only two pages of this, November and December, 1925, left in the book at all.

By Mr. Calder, K.C.:

Q. Will you file that; have we given that a number yet?—A. That would be 179.

(Exhibit 180. Accounts Payable (82 pages torn out) November and December, 1925).

By Mr. Calder, K.C.:

Q. We will file that as 179?—A. The next book I produce is the incomplete Accounts Receivable Ledger. That is a loose leaf book and, as I stated

in my report, there are only three accounts in that book, the rest of the book is blank.

Q. Has that book been recently re-written do you know?—A. I am not in position to say that.

Q. File that as Exhibit 180. Better put that on the label if there is a label on the outside?—A. The label is marked up. The remainder of these books are what appear to be the correct books, not a complete set of correct books, but they appear to be correct; we have no reason to doubt their correctness.

(Exhibit 181. Accounts Receivable Ledger (3 accounts only) July 1, 1925, to January 31, 1926).

By Mr. Calder, K.C.:

Q. Will you file the correct books as one exhibit?—A. These books that I speak of as being correct books are the ones that contain erasures and omissions that I referred to as being an improper practice.

Q. I will come to that in a few minutes. Which is the book that had the pages torn out?—A. One of these books, the first one of these books I am now producing as Exhibit 181 was a book that had the first seven pages pasted together.

Q. You classify them as genuine on account of what you discovered on the pages that had been pasted together?—A. Both that and the pages that had been re-written afterwards.

Q. In other words, in that first book, which we will probably make an exhibit of as No. 181, there had been some attempt at concealment?—A. Certainly pages had been re-written, and items on the pasted pages were omitted from the re-written pages.

Q. The re-written pages are simply a re-writing of the pages that appeared to have been pasted together?—A. Yes.

(Exhibit 182. Sales Summary, July 1, 1925, to January, 1926).

By Hon. Mr. Stevens:

Q. The new books, I would like to identify them with the books that were produced and called into question when Mr. Gregory George was called here. These are the same books that were produced?—A. I have more here than were before the Committee.

Q. But the new books of Gregory George are produced?—A. They are now contained in the books we have produced.

Q. But these books he swore had not been written up within six months? —A. I have not his evidence in front of me, but these are the books he produced.

By Mr. Calder, K.C.:

Q. At the time of his testimony?—A. At the time of his testimony.

Hon. Mr. STEVENS: And as to which he swore they had not been re-written, at the time of his evidence.

Mr. CALDER, K.C.: We will file these in serial numbers as exhibits Nos. 182, 183, and 184.

(Exhibit 183. Cheque Register, July 1, 1925, to February 15th, 1926).

(Exhibit 184. Journal, July 1, 1925 to January 30, 1926).

(Exhibit 185. Cash Register, July 1, 1925, to February 10th, 1926).

By Mr. Calder, K.C.:

Q. Mr. Nash, in order to avoid an incorrect description, will you also put in a production list, giving the production numbers and your accountancy description of the books?—A. We will do that.

Q. Now, let us deal for a few moments, with what is chargeable to Nicol, in order that we may winnow that out at once. What is the nature of the irregularity which appears to be chargeable to Nicol?—A. Well, we found in the first place, four erased and altered items in the cash book.

Q. Were you able to reconstitute the original writings?—A. Yes, we saw in two places what the original writing was.

Q. Did you address yourself to the persons to whom these payments had ostensibly been made, by the reinscription?—A. We did.

Q. Were they bona fide payments?—A. No, in all cases, the persons who, according to the books, were supposed to have received the moneys, did not, in any case, receive any of the moneys.

Q. The inference then is that the inscriptions were made to hide embezzlements?—A. That would appear to be the case.

Q. Is that the inference drawn by Mr. George himself?—A. That is the inference drawn by Mr. George.

Q. I understand Mr. Nicol disappeared after you came down to the office to examine the books?—A. He disappeared the day after we discovered these entries, and approached him with a view to an explanation.

Q. In order that everybody's skirts may be clear, you reported to me at the time that he was acting suspiciously?—A. Yes.

Q. And you requested me to have him shadowed?—A. We did.

Mr. CALDER, K.C.: I state, Mr. Chairman, upon my responsibility as counsel, that when Mr. Nash reported to me Mr. Nicol's suspicious behaviour, I got in touch with the Royal Canadian Mounted Police, through the administration, and he was shadowed, but unfortunately he slipped through and got away.

By Hon. Mr. Stevens:

Q. By the way,—I just want to get at this point in connection with these books—Mr. George left for Europe, and has not been available for the auditors to consult with?—A. Mr. Gregory George.

By Mr. Calder, K.C.:

Q. Was it stated to you at the time that he had left just for a round-sea trip and would be back?—A. I think, as far as I can recollect, that the statement was that he had gone for his health, but would be back.

Q. That he would be back shortly?—A. I do not remember within what length of time.

Q. The inference was that he would be available for you?—A. That was what I gathered.

By the Chairman:

Q. You have not seen him back here yet?—A. No, sir.

By Mr. Calder, K.C.:

Q. And that was fully two months ago?—A. That is over two months ago.

Hon. Mr. STEVENS: As a matter of fact, Mr. Brackin, his counsel undertook to have him here.

WITNESS: Do you wish the record of his movements?

By Mr. Calder, K.C.:

Q. Yes?—A. This is information obtained from Mr. Leo George, and from a search of the shipping records of the shipping company under which he sailed. He sailed with his wife on the "Montcalm" for England on the 12th of March, 1926, the boat docked at Liverpool on Saturday, the 20th of March; the officials of the Canadian Pacific Steamship Company produced the stub of a ticket, showing that Mr. and Mrs. George were cabin passengers. There was no evidence of any return passage booked—only one way.

By the Chairman:

Q. Is he still in the Old Country?—A. I do not know.

By Mr. Calder, K.C.:

Q. To finish up with Nicol, would the cheque register on which you state the erasures were made be the only book in which that payment which Nicol

forged is made?—A. Yes, except of course, the transfer of the item to the ledger at a later date.

Q. Did you check it up with the ledger?—A. Yes.

Q. Did you find the correct, or the incorrect payment?—A. We found the incorrect payment.

Q. Altered as well?—A. No, posted to the ledger.

Q. In other words, in re-writing the parts, Nicol appears to have served not only the company but himself as well, by hiding the traces of his own defalcations?—A. Undoubtedly, himself.

Q. Are the books written in Nicol's own handwriting?—A. Yes.

Q. Do you know whether Mr. Leo George or anybody else of those who suffered by that embezzlement has or have traced Nicol's whereabout?—A. Not to my knowledge.

Q. You have no intimation of where he is?—A. Mr. Leo George told me that Mr. Nicol is in Buenos Aires. That is only repeating what I was told.

Q. You state at page 7 of your report that certain shipments were made by Hiram Walker & Sons, Limited, to Montreal, and there were reshipped, and that in some cases liquors not included in the shipment East were added to the shipment when it went West?—A. Right.

Q. And that there appears to have been two prices, one for the purposes of the Sales Tax, and one for the purposes of collection?—A. Right.

Q. Will you produce some characteristic and well-tested sample of that?—A. I produce in order here invoices and the following documents; an invoice from the Dominion Distillery Products Company, Limited, to Mr. J. Burley, of Messina, N.Y., for certain liquor at a sale price of $507; I produce a copy of Export Entry B-13, showing the value of the liquor at $507; I produce an agreement agreeing to the conditions of sale, and that the merchandise will not be used for consumption in the province of Quebec, stating at the beginning that he acknowledges receipt of $507, being the purchase price. I produce a deposit slip showing $507 deposited in Gregory A. George's bank account; I then produce an invoice to Mr. J. Burley for the same liquor, valued at $287.70, the amount upon which the sales tax was paid.

Q. Will you now produce all these papers together as Exhibit No. 185, the invoice being marked "A," the Customs Export Entry being marked "B," the agreement and condition of sale being marked "C," the deposit slip being marked "D," and the invoice for purposes of sales tax being marked "E."

(Exhibit 186, Invoice to J. Burley, also B-13 receipt and deposit slip $507, also invoice to J. Burley $287.70).

By Mr. Calder, K.C.:

Q. Did you verify whether the sales tax had been paid on the sum of $287.70?—A. We did.

Q. By checking at the Income Tax Department?—A. At the Sales Tax Department.

Q. At the Sales Tax Department, I should say?—A. Yes.

Q. All the other papers showed an agreement to sell at $507, and that price actually paid and turned in to the account of Mr. George?—A. Right.

Hon. Mr. STEVENS: This is a typical case of fraud in payment of the Sales Tax?

Mr. CALDER, K.C.: Exactly, Mr. Stevens.

By Mr. Calder, K.C.:

Q. Have you others of the same character, Mr. Nash?—A. Yes. I thought we would produce a couple or three, and that it would be sufficient if I produced another. I produce an invoice, dated August 21, 1925, to J. Henry, Alexandra Bay, N.Y., for $558, a copy of Export Entry B-13, showing $558 to be the value, an agreement agreeing to the conditions of sale and stating $558 to be

the value, a deposit slip to Gregory George's bank account for $558, a copy of invoice to J. Henry, of Alexandra Bay for $327.08, the amount on which sales tax was paid.

Q. I produce these documents together as Exhibit No. 186, the invoice being marked "A," the Export Entry marked as "B," the agreement to conditions of sale as "C," the bank deposit as "D," and the export, or copy of the declaration or invoice for the purpose of sales tax as "E."

(Exhibit 187—Invoice B-13, receipt to J. Henry for $558, also deposit slip for this amount and invoice for $357).

By Mr. Calder, K.C.:

Q. In this case, also, you verified the payment of the sales tax actually paid as being $327.08?—A. That is right.

Q. Whereas the agreement of sale, payment, and actual cashing in, was $558?—A. That is right.

Q. You produce this as a typical case?—A. Yes, as a typical case; we have others too.

Q. In which the reconciliation has been as complete?—A. Yes.

Q. You also state, on pages 7 and 8, there were a large number of transactions which were not entered in the books of the company?—A. Yes.

Q. And which were not entered in the books of any of the other allied companies, or interlocking firms?—A. Not that we could find.

Q. The sole trace was in the shipping records and export entries?—A. That is right.

Q. I suppose discovery was made when pursuing other things which appeared in the books?—A. That is right.

Q. Now, coming to the schedule concerning denatured spirits; will you produce an invoice, which is typical of the rest, showing the disposal of denatured alcohol? Let us say that you produce one showing the lowest price, the average, and highest, as examples.—A. The records have already been filed in this case; Mr. Dewar is getting them. Those documents were returned to Mr. Dewar but for the moment he cannot locate them.

Q. We will return to that item again. Will you produce the agreement between James Cooper and Fritz Stockelbach of Montclair, New Jersey, U.S.A., in which the latter agrees to instruct Cooper or his nominee?—A. Yes. (Exhibit 188 produced.)

(Exhibit 178, an agreement, dated April 29, 1925, between J. Cooper and Fritz Stockelbach, also invoices, etc, of flavouring extracts).

Hon. Mr. STEVENS: Would it be well to read that into the record, Mr. Calder?

Mr. CALDER, K.C.: Yes, I am going to. (Reads):

"An agreement between James Cooper, Walkerville, Ont., and Fritz Stockelbach of Montclair, New Jersey, U.S.A.

In consideration of experimental work done by Fritz Stockelbach, and for further assistance and advice, as outlined below—

James Cooper agrees to pay the sum of Two Thousand Dollars ($2,000) to Fritz Stockelbach, and also a royalty of Ten cents (10c) for each wine gallon of whiskey sold and shipped, the said whiskey being made according to the Stockelbach process and formula, and using the various oils and extracts manufactured by Fries & Bro. in the said whiskey.

Fritz Stockelbach agrees to instruct J. Cooper, or such person residing in Canada as J. Cooper may designate, in his process of treating and

blending newly distilled whiskey, and also agrees to supervise and fully instruct in the manufacture and blending of the first couple of batches in J. Cooper's plant at Montreal.

Payment shall be made as follows:—

(1) One thousand dollars ($1,000) to be paid on signing the Agreement and, additional One thousand dollars ($1,000) when Stockelbach arrives in Montreal at plant to instruct in the manufacture of said Oils and Extracts, the same as supplied by Fries & Bro., and in the blending of same for the manufacture of said whiskey.

(2) A royalty of ten cents (10c) for every wine gallon produced, sold and shipped from said plant in Montreal, using the Stockelbach process and formula—said royalty to be paid on the 10th of each month for said whiskey sold and shipped during the preceding month.

Cheques shall be payable through New York clearing house and shall be mailed to Fritz Stockelbach to 171 Lincoln street, Montclair, New Jersey, U.S.A.

Stockelbach agrees not to divulge to any person, firm, corporation, partnership or company, his process of maturing and blending new whiskey for a period of one year from the date of complete manufacture of first batch of said whiskey at plant in Montreal, and thereafter as long as J. Cooper's production reaches 50,000 wine gallons yearly.

Walkerville, Ontario,
April 29th, 1925."

By Mr. Calder, K.C.:

Q. It seems to me there was a note giving the ingredients, somewhere; did you find a note of the ingredients to be used?—A. It is attached there, Mr. Calder.

Q. This is a pencil note; in whose handwriting is that?—A. In the handwriting of Gregory George, as far as we are able to say.

Q. It looks like his handwriting?—A. We will say that it looks like his handwriting.

Q. It reads as follows:—

"One gallon of American full strength reduced to proper strength. Two gallons—"

There is something illegible, followed by something struck out. They were apparently attempting to get down to the formula first.

"One gallon full strength, reduced to 24 U.P. (underproof), add three cubic centimetres of Stock extract and 20 cubic centimetres of simple syrup."

And then there is reference to gin extract, as follows:—

"To every one gallon full strength alcohol reduce to 24 U.P., add three cubic centimetres Stock extract, and twenty cubic centimetres of simple syrup."

Hon. Mr. STEVENS: I presume that means overproof alcohol reduced to 24 underproof by the addition of water, and adding certain ingredients?

Mr. CALDER, K.C.: Yes, and syrup.

Hon. Mr. STEVENS: A concern handling that would, I presume, say having as this concern, some 80,000 gallons of 65 overproof, double the quantity by reducing it to 24 underproof?

Mr. CALDER, K.C. Almost trebling it.

By Mr. Calder, K.C.:

Q. Now you say that there are attached to these documents a certain number of flavouring extracts?—A. Invoices for flavouring extracts.

Q. From Alexander Fries & Bro.?—A. Yes. That is the name of the persons mentioned in the agreement.

Q. Have you made out the quantity of extract that was got?—A. No, we did not do that; we thought it sufficient to produce the agreement and the attached invoices, for the consideration of the Committee.

Q. There was quite a quantity of flavouring extract?—A. There was quite a quantity.

Q. With regard to "Dominion Spirits" mentioned on page 10 of the Seventh Interim Report; did you trace the origin of that?—A. No, we could not.

Q. It certainly was not any of the quantity distilled by the Dominion Distillers, because you stated in another part of the report you knew it was all still in bond?—A. All on which duty had not been paid was still in bond.

Q. Did you not make the statement that all that was made was still in bond?—A. All of their own distilling is still in bond.

Hon. Mr. STEVENS: Leaving the inference that this refers to some mixture made out of alcohol.

Mr. CALDER, K.C.: Stockelbach whiskey.

Hon. Mr. STEVENS: Yes, Stockelbach whiskey.

By Mr. Calder, K.C.:

Q. Will you now produce the black journal which you mention on page 12 of the Seventh Interim Report, as containing Mr. G. A. George's transactions? (Produced). Now there is a peculiarity about the account of Jones and the account of Smith; one contains the sales?—A. Yes.

Q. And the other contains the payments for the sales?—A. Yes.

Q. So the two accounts have to be read together to be complete?—A. Well, it appears that way.

Q. And you say you have traced payment of Jones to Mr. W. J. Hushion?—A. Yes.

Q. You have here all of Mr. Hushion's cheques?—A. Yes.

Q. And you reconcile the cheques with the amount?—A. With the amount mentioned on page 12 of the report.

Q. Which may have been payment in cash?—A. Yes.

Q. Does the account mention in each case whether it is cheques or cash; in the case of Jones and Smith accounts?—A. Do you want the cheques themselves?

Q. You have the cheques themselves that reconcile with the payments?—A. Yes.

Q. I will ask you to produce as Exhibit 188, and will you produce together as one exhibit, bundle of cheques showing payments in the Jones account, with the exception of one payment of— —A. $7,582.

(Exhibit 189, Black journal showing whiskey transactions).

By Mr. Calder, K.C.:

Q. These are: July 4th, 1921, a cheque on the Standard Bank of Canada to W. George Limited for $8,500, signed by W. J. Hushion and endorsed payable

to the Merchants' Bank of Canada, endorsed by the Merchants' Bank of Canada. Cheque dated 6th July, 1921, to the order of G. A. George for $8,000, signed W. J. Hushion, endorsed G. A. George, endorsed Merchants' Bank of Canada, July 6th, 1921, Savings Department. Cheque 19th July, 1921, made out to the order of Gregg A. George, $7,265, signed W. J. Hushion, endorsed Gregg A. George and G. A. George and Merchants' Bank of Canada, July 20th, Savings Department. Cheque 28th July, 1921, to the order of G. A. George, $2,500, signed W. J. Hushion, endorsed G. A. George, endorsed Merchants' Bank of Canada, July 28th, 1921, Saving Department. Cheque 28th July, 1921, to G. A. George, $3,776.25, signed W. J. Hushion, endorsed G. A. George and Merchants' Bank of Canada, July 28th, Savings Department. These to be produced as Exhibit 189, lettered serially a, b, and so on. Did you ask for the books of the St. Pierre-Miquelon and the Newfoundland Company?—A. If you will remember, Mr. Calder, Mr. Brackin stated before the Committee he would arrange to have the books.

(Exhibit 190 (A) Cheque on Standard Bank drawn by W. J. Hushion for $8,500 payable to W. George; (B) Cheque on Standard Bank drawn by W. J. Hushion for $8,000 payable to W. George; (C) Cheque on Standard Bank drawn by W. J. Hushion for $7,265 payable to W. George; (D) Cheque on Standard Bank drawn by W. J. Hushion for $2,500 payable to W. George; (E) cheque on Standard Bank drawn by W. J. Hushion for $3,776.25 payable to W. George).

By Mr. Calder, K.C.:

Q. Did you recall that promise to Mr. Brackin?—A. I have not seen Mr. Brackin since. We asked Mr. George for them, Mr. Leo George.

Q. What was his statement?—A. They were not here.

Q. He would not undertake to bring them here?—A. I do not think we pressed him. Mr. Leo George was not the man who had charge of the books.

Q. Do you know who was book-keeper?—A. Mr. G. A. George was the one who had to do with them. We were hoping Mr. G. A. George would be returning to give us an explanation.

Q. In connection with the sales which were apparently made by the Hiram Walkers & Sons Company to W. George for alleged transportation east, which was apparently delivered right there in Walkerville, did you receive from anybody the bills of lading supposed to cover these shipments?—A. Yes, we found it difficult to reconcile the shipping records and export entries and therefore applied to Hiram Walker and Sons for records and they gave us copies.

Q. Copies of bills of lading?—A. Yes, in all cases, and we have all these copies here attached in each to the export entry B. 13.

Q. Do these bills of lading show the number of the car?—A. No.

Q. Did you inquire from anybody in Hiram Walker and Sons whether these were genuine bills of lading or not?—A. Yes.

Q. What was the statement given?—A. They were not genuine.

Q. In other words, no shipment was made over the railway at all?—A. Yes.

Q. Will you produce the invoices?—A. I will produce the export entry for 1,284 cases of whiskey to A. Kemp's, St. Pierre-Miquelon, invoiced from Hiram Walker to the George Import Company, St. Pierre and a copy of bill of lading, being a shipment of 1,284 cases sent to W. George Limited by United Steamships Company.

Q. Was this one of those admitted to be fictitious bill of lading?—A. Yes.

Q. Were there any by the railway company?—A. Yes.

Q. Could you produce one of the railway's?—A. Yes.

Q. In the meantime, this is produced as Exhibit 190, serial lettered a, b, and c.

(Exhibit 191. B. 13, Walker's invoice, United Steamships Co. B/L dated June 12/1923 for 1,248 cases of whiskey).

By Mr. Calder, K.C.:

Q. You now produce as Exhibit 191, Customs export entry from Walkerville by boat "Killarney" delivered by the St. George Import and Export Company to the boat "Killarney" for export to St. Pierre-Miquelon direct from the Canadian port Walkerville to the consignee Kemp, St. Pierre-Miquelon, a thousand cases of whiskey, $25,000, invoiced by Hiram Walker and Sons Limited for shipment and bill of lading by Grand Trunk Railway Company, destination St. Pierre-Miquelon.

(Exhibit 192. B. 13, Walker's invoice, Grand Trunk Railway, B/L dated April 7, 1923, for 1,000 cases of whiskey).

By Mr. Donaghy:

Q. Where was the boat supposed to pick up the cargo?

Mr. CALDER, K.C.: The Customs export entry says it is to be taken from a Canadian port, Walkerville, and the bill of lading would show it to be shipped by rail.

Mr. DONAGHY: Those are the Bills of Lading that are fictitious.

Mr. CALDER, K.C.: We will file this as Exhibit 191, serial No. A, B, C and D.

The WITNESS: Those are two typical casese. We have a file for this:

By Mr. Calder, K.C.:

Q. You have not got the insurance policies mentioned by Dale and Company?—A. We have some of them.

Q. Will you produce the insurance policy mentioned on page 15?—A. This is one file; I am referring to the shipment of 17th June, 1924, on the S.S. Bernard M.

Q. You have the file referring to the insurance?—A. Yes, the file referring to the insurance.

Q. You produce file referring to a policy from a certificate of insurance number 33439 from the Thames and Mersey Marine Insurance Company Limited, having its office in Montreal at Dale & Co. Limited, its attorney, covering 6,000 cases of whiskey shipped on board S.S. Bernard M, and covering it from Halifax, N.S., to St. Pierre, whilst there, and then to Halifax, signed "Dale & Company per J. M. Ormston, Director," with the invoices and papers referring to that particular cargo. The whole will be exhibit 192.

(Exhibit 193: Dale & Co. invoice for insurance $514.50, policy for $65,000 on 6,000 cases of whiskey, United Steamship B/L. Letter from Hiram Walker; C.N.R. freight bill, G.T.R. B/L; Walker's Invoice for 6,000 cases. $59,674.17).

By Hon. Mr. Stevens:

Q. To make that clear, this is an export of 6,000 cases of liquor, as I understand it, Mr. Nash?—A. Yes. Might I explain it to you in this way: It is export of 6,000 cases of whiskey to St. Pierre-Miquelon. We have seen the landing certificate from St. Pierre-Miquelon for 6,000 cases of whiskey, but we see the insurance placed upon the cargo from Halifax to St. Pierre-Miqulon, whilst there, and back again to Halifax.

Q. In the same vessel?—A. In the same vessel.

By Mr. Calder, K.C.:

Q. And there is no landing certificate in that case?—A. Yes, there is a landing certificate.

Q. There is a landing certificate?—A. Yes.

By Hon. Mr. Stevens:

Q. Then the point arises, while there is a landing certificate, this conflicts with the insurance on this cargo for that return trip on the same boat?—A. We do not understand that in the case where goods are shipped to St. Pierre-Miquelon, they could be insured to St. Pierre-Miquelon and back again; that is the point.

Q. If the goods were returned to Halifax, as the insurance policy would indicate, then the goods would be dutiable there?—A. Would be dutiable.

Q. The excise would be payable on these goods.—A. Yes.

By Mr. Donaghy:

Q. Was the excise paid on them before they were shipped out?—A. Oh no, these goods were shipped in bond and the landing certificates produced and the bond released.

By Hon. Mr. Stevens:

Q. On 6,000 cases, approximately what would the excise be?—A. About $80,000.

Q. Work it out, it would be more than that, would it not?—I am putting it at a conservative figure.

Mr. GOODISON: There is less than two gallons to a case.

Hon. Mr. STEVENS: It would be approximately $80,000.

By Mr. St. Pere:

Q. The goods were insured for the round trip?—A. The round trip.

Q. Who was supposed to be the insured?

By Hon. Mr. Stevens:

Q. The insurance was paid by— —A. By W. George, Limited, as far as we can find ou.

Hon. Mr. STEVENS: It is right here.

By Mr. Calder, K.C.:

Q. The insured was W. George Limited?—A. We traced the payment of that insured through Gregory George's bank account.

Q. But the invoice for the insurance was Messrs. W. George Limited?—A. Yes.

Q. As a matter of fact, all liquor transactions were paid into and from Gregory George's savings accounts?—A. Yes.

By Hon. Mr. Stevens:

Q. And these savings accounts vouchers have not been produced in the absence in Europe of Mr. Gregory George?—A. No.

By the Chairman:

Q. Did you ask for these invoices from the firm of Hiram Walker & Sons, Walkerville?—A. Yes.

Q. What was the answer?—A. We have checked these to the Hiram Walker Company's books.

By Mr. Calder, K.C.:

Q. What is the total value of liquor purchased in this way and treated to a sea voyagee and coming back?—A. Returned shipments?

Q. Yes?—A. About $600,000, Mr. Calder.

Q. $600,000, and the duty on $600,000 would be how much?—A. Well, the duty on these returned shipments, if dutiable, would be about $235,000.

Q. Have you made that calculation?—A. Oh yes, we state that on page 16 of our report.

By Mr. Donaghy:

Q. Let me ask a question about that returned shipment of 6,000 cases; it was insured back to Halifax?—A. Yes.

Q. On what vessel did it come back, the same vessel?—A. The vessel was insured to St. Pierre, whilst there, and back to Halifax.

Q. What is the name of it?—A. Bernard M.

Q. Now, did you place the landing of that vessel at Halifax on that trip? —A. No.

Q. Don't you think you should do that?—A. We are trying to do that.

Q. Get the customs entries there?—A. We have applied to Halifax for them.

Q. Get the copy of the manifest. You are really not prepared to give complete evidence on that point yet?—A. No, we are not drawing any conclusion finally on that. We have applied to Halifax for those records.

Q. In other words, it is quite easy to see if this liquor came back and was entered through the customs at Halifax or not?—A. It is quite easy to see whether it was entered through the customs and duty paid.

Q. No doubt about that; and you have not done that yet?—A. No.

Q. But you are going to do it?—A. We have applied to Halifax for that.

Q. There would be no difficulty getting information from the customs?—A. No.

By Hon. Mr. Stevens:

Q. You found no record in the books of the company of any duty having been paid on this liquor?—A. No.

Q. None at all?—A. No.

By Mr. Donaghy:

Q. Why did not you do that before making this report, find out if it had been entered at the customs at Halifax?—A. We have done everything we could in the time, Mr. Donaghy, that we had.

Q. It seems to me that a letter down to Halifax would settle that?—A. We found it is not just as easy to get information through a letter.

Q. Did you try?—A. We have tried, we have applied to the port of Halifax.

Q. When?—A. A week or ten days ago.

By Mr. Calder, K.C.:

Q. You have received no answer yet?—A. No. I think some of the records are now here.

By Mr. Donaghy:

Q. What I was wondering is why you did not do it when you found it out?—A. We did not find it out until a week ago. This investigation has covered some ten weeks and we are still investigating.

Q. There is nothing profitable to us in digging into a mare's nest in which we may find there will be nothing?—A. We are trying not to do that.

Q. We should not try to do that?—A. We are trying not to do that.

Q. I am rather criticising you for doing that before putting in that on that point?—A. I do not think it is necessary on that point because we are trying not to do that; we have not made any statement at all.

Q. There is an inference thrown out here which may turn out to be quite unsound.

By Mr. Calder, K.C.:

Q. You say you have examined the books of W. George and seen the accounts of Gregory George?—A. Yes.

Q. And you found no payment corresponding to what would be due on this shipment?—A. No, no payment whatsoever.

Q. Or on any of the documents?—A. No, not in any of the books, of the accounts. If the duty was paid, it has been paid not from W. George Limited accounts.

Q. Not from Gregory George's account?—A. Not from Gregory George's account, as far as we could find out.

Q. Nor any of the other accounts, so far as you could find out?—A. Not so far as we could find out.

Mr. DONAGHY: We are wasting time over this, because the auditor did not conclude his investigation. It is quite easy to assume that it was not paid from this or from any other account.

WITNESS: We do not assume anything, Mr. Donaghy.

Hon. Mr. STEVENS: I do not think that point is well taken, Mr. Donaghy. Here is the situation: The records of the George Company—none of them show any payment out for duty or excise on this shipment of liquor. But there are other records indicating that this liquor was returned to Canada, because the Company brought it back to Canada, and insured it back, but there is no record whatever of any duty having been paid upon it.

Mr. DONAGHY: The place to find out whether duty is paid or is not paid is at the Customs office, and the auditor has obviously failed to get information from that source, and has brought in a report here of a very startling nature without getting information from the proper source. That is quite clear, I think.

Hon. Mr. STEVENS: Here we have a conflict of documents. They show landing certificates, and they say that they landed it at St. Pierre-Miquelon, and we discover insurance policies showing that they insured the liquor back again, but we have nothing in the books so far, showing that duty was paid, and we are I think, justified in saying that the liquor came back to Halifax and that it should have paid duty.

Mr. DONAGHY: That is not the point; the point after all is, where did it pay the duty? There is only one place to find out, and the auditor has not found out. These people are not paying money out of their pockets to any concern. The records of the Customs Department at Halifax should show it, and that is the place where it should be got. It can easily be gotten, and it should be done.

Mr. CALDER, K.C.: There is this point that still remains; that is, that at the time of shipment, they had two intentions; one to send the cargo to St. Pierre-Miquelon, and proving to the Government of Canada, on evidence that they so lightly accept, and, at the same time they had no intention of sending it there, or of bringing it back.

Mr. DOUCET: Could they properly land that liquor in Halifax, and pay the duty there, in a prohibition province?

Mr. CALDER, K.C.: I suppose they could put it in bond, or bring it in bond there, and ship it back to Walkerville, although what object they could have in giving it a sea voyage like that, I cannot see.

Mr. DOUCET: But why could they not bring it to Halifax and put it in a bonded warehouse? The records will ultimately show that a steamer with a return cargo from St. Pierre-Miquelon arrived at a Canadian port in ballast. That is the record that will be shown, ultimately.

Mr. St. PERE: There can be no objection to finding it out from the Customs office.

WITNESS: We have applied for that.

Mr. GOODISON: In order to avoid the payment of duty, they shipped it to St. Pierre-Miquelon, and got a clearance. What is to prevent them from sending it on to a United States port.

Mr. CALDER, K.C.: There is nothing illegal about insuring it to Rum Row.

Mr. GOODISON: It may be on the way to Halifax, to be delivered to American boats.

Hon. Mr. STEVENS: Or they may have bootlegged it in, like some of those we had a record of before. The point is that they did insure it back to Halifax, and it is up to them to show what they did with that liquor.

Mr. DONAGHY: It is obvious that the ship's manifest is at Halifax, and that the auditor neglected to get it.

WITNESS: I do not think that is justified, Mr. Donaghy. He has not neglected to get it; the auditor has not neglected anything. The auditor is here.

Mr. DONAGHY: You have been three months getting up this report?

WITNESS: Yes, but not on these points.

Mr. DONAGHY: You have left out one essential point.

By Mr. Calder, K.C.:

Q. Over and above the various George companies mentioned, namely, the W. George, Limited, the George Export and Import Company and the St. George Export and Import Company, were there any other companies bearing the name of Harbert, or any concerns or consignees bearing that name?—A. The Harbert Transportation Company.

Q. Did you investigate to find out whether that had any existence at all?—A. I produce a copy of the letters patent, incorporating this company, the Harbert Company.

Q. Have you verified whether it is operating, except as a name; did you find any books for it?—A. No, nothing was produced for it, Mr. Calder.

Q. Are there any Harbert companies outside of Canada; you mentioned a G. Harbert Company at Yokahama?—A. That appears on the records of the "Frank H."

Q. Did you find out whether such a company existed?—A. No, sir.

Q. Did you find out whether there was any Harbert Company at Havana?—A. There is some mention of it there.

Q. And G. Harbert is one of the Dominion Distilleries Products Company, Limited?—A. Yes.

Witness retired.

The Committee adjourned until 3.30 P.M.

AFTERNOON SITTING

The Committee resumed at 3.30 P.M., the Chairman, Mr. Mercier, presiding.

A. E. NASH re-called.

By Mr. Calder, K.C.:

Q. You say this is to be sent to the Head Office?—A. Yes, Mr. Rowley, Assistant General Manager. Mr. Chairman, I would like to state that in the luncheon interval I confirmed from the Statistics Branch office of the Customs Department and they have no record of any return shipment from St. Pierre-Miquelon at all. That might not be conclusive evidence and inquiry is still being pursued by us from Halifax.

Mr. DONAGHY: What I wanted was a copy of the manifest of the shipment, because at present we only have the report. We all know what happens with these boats; they take their cargo and dispose of it to a fleet on the United States coast. Instead of going through a useless examination here—

The WITNESS: I have not stated that, Mr. Donaghy.

Mr. DONAGHY: No, but we are computing $200,000 in a very useless fashion. We should have the ship's manifest and it would be very easy to obtain a copy.

Hon. Mr. STEVENS: We might as well put into the record what the law says in the regulation. This is regulation, circular number 327C. Section 12 reads:

> "Goods subject to duties of Excise shall only be exported in bond from a port where there is an officer of Customs, and only to British or foreign ports of entry where there are collectors or other officers of the government having similar functions, and so on."

Then it says, at Section 16:

> "Export bonds shall be conditioned for the due delivery of the goods bonded at the place designated within the entry at a specified time, which time in any case, shall not exceed the time usually necessary for the performance of the voyage or journey by the conveyance adopted (allowing a reasonable time for detention within the discretion of the collector) and for returning the vouchers by the next mail; and in no case shall the period allowed for the cancellation of the export bond exceed six months unless special authority has been granted by the Department."

The fact is, an export entry was taken, a bond was put up and a landing receipt was returned indicating that the goods had been landed in St. Pierre-Miquelon.

Mr. DONAGHY: There is no evidence that they were not; that is what the auditor should have checked before he brought his report in. They may have been landed in St. Pierre-Miquelon and reloaded and landed on the United States coast.

Hon. Mr. STEVENS: Had the goods been landed in St. Pierre-Miquelon properly that would have ended the transaction.

Mr. DONAGHY: We have no evidence that they were not.

Hon. Mr. STEVENS: The auditor places before us, in very concrete form, the insurance policy showing that this cargo was insured not only to St. Pierre-Miquelon, but insured back again to a Canadian port, Halifax. If this cargo

was returned in accordance with the insurance papers, what the auditor says is, then there is something wrong which should be further investigated. That is all he has said and certainly there is basis for a claim on behalf of the revenue of Canada. All that I am arguing is that these facts should go on the record for what they are worth, and later on it is a question for the Department to decide whether or not they shall take action for recovery.

There is one other point: It is clear that if they brought this liquor back and distributed it on "Rum Row," they were doing it contrary to Clause 16, because under these conditions they would surely have to pay Excise although it was distributed on "Rum Row." On the other hand, if it was distributed along the coast of Nova Scotia, where we know a great deal of liquor has been distributed, it would be in violation of the Customs laws as well. Furthermore, if they brought the cargo away from St. Pierre-Miquelon they were again violating the regulations by putting in a false landing certificate. Every turn in this transaction is decidedly significant. I think, that as far as the auditors have gone, I, personally, do not see why the auditors should be criticized.

Mr. DONAGHY: I desire to make a few remarks. The auditors have been three months and a half investigating this thing and there is no necessity for this being in the report. First of all we have the landing certificate at St. Pierre-Miquelon, which is *prima facie* evidence that the goods were landed there. If there is any doubt, and we want to inject "if", it can be ascertained in three months and a half. If they were landed there, the law was complied with. They technically complied with the law when they shipped in the same boat for the American coast; the law is still complied with as far as Canada is concerned.

Hon. Mr. STEVENS: No.

Mr. DONAGHY: The landing certificate is procured and granted. If the goods were brought back to Halifax that is something which could be checked up and it is an easy matter to check it up. It can be checked up by the manifest of the ship. The ship could not leave St. Pierre-Miquelon without having a proper manifest, and that manifest would be exhibited at Halifax. No inquiry has been made during the three months and a half, and we are here in the dark and are dealing with "ifs." This matter has to be cleared up properly.

The CHAIRMAN: Mr. Nash, it is important that you should find the information.

The WITNESS: We are pursuing the information. For the moment this report is being taken under reserve; it is all taken under reserve as I mentioned in my own statement.

By Mr. Calder, K.C.:

Q. Leaving out of consideration this item of $235,000 and assuming that certain quantities of alcohol selling from $3 to $10 a gallon were not and could not be denatured alcohol, what would be the loss suffered by the Customs and Sales Tax Department of Canada at the hands of the group of companies interlocked with the Dominion Distillers?

The CHAIRMAN: And Hiram Walker and Sons?

Mr. CALDER, K.C.: That is separate.

The WITNESS: Well, Mr. Calder, I would like, as far as I can, to give a definite answer, but in answering the question, I would like to make it clear we are not stating in any way that Hiram Walker and Sons are a part of any ring. We have not said that, and we are not stating it. I do not know whether they are part of the ring; we have not stated they are.

By Mr. Calder, K.C.:

Q. Answer the question with that reservation.—A. I will answer the question in this way: If denatured spirits or spirits sold as denatured spirits are subject to Excise duty and to sales tax then there would appear to be the sum of $812,842 which the Customs Department would be entitled to collect apart from any question of the return shipments to Halifax.

Q. To which would be added, if satisfactory proof is not forthcoming of the shipment of the cargo to other places than the Nova Scotia coast and other Canadian points, the sum of $235,000?—A. If that is subject to duty.

Mr. Chairman, when we started the report, we discussed some details which have not yet been put in. Do you wish these schedules put in?

Hon. Mr. STEVENS: Yes.

The WITNESS: In the last paragraph of the report we refer to a list of documents and a list of letters and documents.

Mr. CALDER, K.C.: These, I understand, are for perusal and in the meantime they are produced.

Hon. Mr. STEVENS: Well, there are some of these schedules which should form part of the record.

Mr. CALDER, K.C.: This is correspondence mentioned in the last paragraph of the report and then there are schedules.

The WITNESS: There are eight schedules divided into ten sections which are referred to in the report.

By Mr. Calder, K.C.:

Q. You produce Schedule 1, 2-A, Schedule 2B, Schedule 3A, Schedule 3B, Schedule 5, Schedule 6, Schedule 7, Schedule 8— —A. Schedule 4, you missed out.

Mr. CALDER, K.C.: Schedule 4, Schedule 5, 6, 7, 8, all go in as Exhibit 193, to be printed with the report which was read this morning.

By Mr. Calder, K.C.:

Q. You have duplicates of these?—A. Yes, I have six copies.

Q. Will you hand one copy to the stenographer for the purpose of printing?—A. Yes.

By Hon. Mr. Stevens:

Q. Do these schedules contain a list of customers or anything of that character?—A. Yes, they do; in connection with those names which are mentioned in the report; they do contain names of customers. It may be that on consideration, certain of these schedules are not necessary to the record; for instance, the first schedule is a schedule of the whisky purchased from Hiram Walker and Sons and sold to G. Scherer, Kemp and others, and it is a complete list, and the only purpose of making the schedule was to complete figures which did not appear in the books of the company. That shows the names of persons to whom goods have been sold. These names have been mentioned in our report.

(Schedules follow.)

(For these Schedules, see end of Auditors' Seventh Interim Report, dated May 26, 1926, Exhibit No. 175; page 2316 of this evidence).

Z. HEBERT called and sworn.

By Mr. Donaghy:

Q. I want to ask you a question or two. There was some evidence taken by Mr. Duncan on an examination which left a point not cleared up, in which your name was involved. I am going to read some of it to you. This is the evidence of Mr. Arthur Mayer, Customs Officer, taken on oath:

"Q. Do you know on your own knowledge that in the month of July last year, that is 1925, there were removed from bond a load of say 20 or more five-gallon cans containing alcohol or liquor?—A. I cannot tell you exactly what time it was. It was after the month of May, either during June or July that a load of cans of whiskey was taken to Lyman Bros. or to Hudon Hebert's?

Q. Do you know who Mr. Balthazzard received the orders from to remove those two loads of alcohol?—A. Mr. Balthazzard told me Mr. Bisaillon wants so many cans of such and such a seizure, and the number was taken upstairs.

Q. I am afraid you do not quite understand my question?—A. Mr. Balthazzard told me he got his instructions from Mr. Bisaillon.

Q. With regard to the two loads sold to Lyman Bros. and to Hudon Hebert?—A. Yes sir. Mr. Balthazzard told me that Mr. Bissailon wanted this alcohol.

Q. That was always under orders from Mr. Bisaillon?—A. Yes sir, those taken upstairs here, and those taken to Lyman Bros. and Hudon Hebert's."

Now, I may point out to you there is nothing in this evidence that clears up this matter and that is why you are summoned to clear it up?—A. It is a tissue of falsehoods, that man does not know what he is talking about.

Q. Do you know Mr. Bisaillon?—A. No, never seen the man.

Q. You do not see him in the room here to-day?—A. No sir, I do not see him.

The CHAIRMAN: Stand up, Mr. Bisaillon.

The WITNESS: Never saw Mr. Bisaillon before.

By the Chairman:

Q. Do you know this man?—A. I do not know him.

By Mr. Donaghy:

Q. You were in the wholesale liquor business at one time?—A. Up to the first of May, 1921, when the British Government assumed control. After that we have had no liquor transactions of any sort.

Q. And while you were in the business where were you shipping liquor to?—A. Before 1921?

Q. Well, before you quit?—A. Before we quit; oh, well, of course we were doing, of course, purely legitimate and normal business; we were shipping liquor to such people who had the right to buy it legally.

Q. In Canada?—A. In Canada.

Q. And the United States?—A. No, never shipped to the United States.

Mr. DONAGHY: That is all I want. We wanted this matter cleared up; there was nothing on the record.

The WITNESS: I dare say it is too bad, of course, that the reputation of honest people as we proved to be, should be involved in such a matter as this, just in respect to a false statement and a tissue of lies made by one of these people.

Mr. DONAGHY: Well, we had it on oath here.

The WITNESS: I think it is an abomination.

Mr. DONAGHY: Well, we had to clear that up, Mr. Hebert.

By the Chairman:

Q. During 1918 and 1920 you were doing business in Montreal?—A. Yes.

Q. You had a license from the Provincial Government to do business with liquor?—A. Yes.

Q. Were you selling liquor to clients residing in all the provinces of Canada? —A. We were selling liquor to such people who had a license, retail license.

Q. Did you sell any liquor in the province of Ontario?—A. We had a right to, oh yes.

Witness retired.

MICHAEL BARRY called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Barry, have you been doing business in Montreal?—A. Yes, sir.

Q. Under what firm name?—A. Steamers, Ship Supplies and Sundries; up till 1921.

Q. Up till 1921. During this period of time did you have any dealings in liquor?—A. Yes, sir.

Q. Did you have any dealings with the firm of J. E. Belisle?—A. Yes, sir.

Q. Where was the firm of J. E. Belisle situated?—A. At 167 Commissioner, and No. 1 Place Royal.

Q. Did you do business personally with the firm of J. E. Belisle?—A. Yes, sir.

Q. You yourself went there?—A. Me myself, yes sir.

Q. Where was your office at that time?—A. At 125 Commissioner Street and 129.

Q. Did you happen to see in the office anybody holding himself out as J. E. Belisle?—A. Well, sir, I would not like to answer that question here to-day, because I want to get something to show in case I was not knocked back some other way.

Q. Never mind about that. I asked you did you see at J. E. Belisle's office or at the office of the J. E. Belisle firm, any person who held himself out to you as J. E. Belisle?—A. Well, I will repeat again, I would sooner have my papers before I answer that question.

Q. How do you mean, your papers?—A. I have got a reason; there might be something thrown back at men and I want to show them if anything comes up.

Q. What papers do you mean?—A. I have some down in my lawyers office and if I got them I will answer that question.

Q. It does not rest upon documental evidence?—A. It might not to you, but it does to me; when you hear it, you might see it.

Q. Well you should have brought those papers up with you.—A. I did not know, sir, what I was going to be asked.

Q. Well, I am afraid, Mr. Barry, that we will have to press you to answer that question without those papers, and justify yourself afterwards with them. —A. I would sooner not, sir.

Q. I know, but it is a matter of recollection; I want to know whether you saw any person at the firm of Belisle's who held himself out as J. E. Belisle? Now, that is not a matter of documents, it is a matter of recollection?—A. I would sooner not answer that until I bring those papers. If you will do that to-morrow I can have those papers here, and then I will answer that question.

Q. No, I think, Mr. Barry, you will be obliged to answer that question at once.

By the Chairman:

Q. Why do you need those papers?—A. Well, because something else might be thrown back at me and I can just throw the papers out there and answer the question.

Mr. CALDER, K.C.: If those things are thrown at you, then you will have the time you want to produce the papers.

The WITNESS: Yes, sir but you must remember I have been in business and if it gets in the papers it will hurt me.

Mr. CALDER, K.C.: The only thing is, you have got to answer questions when you are here.

The WITNESS: If you will give me until to-morrow, I will be back to-morrow with those papers.

By Mr. Calder, K.C.:

Q. Either you saw somebody at that place who held himself out as Belisle, or you did not; that does not depend upon any documents. You will have ample opportunity to protect yourself by means of the documents that you speak of, but at the present time, you must recollect whether or not there was somebody of the name of Belisle there when you went and who that person was?—A. Have I got to answer it?

Mr. DONAGHY: Yes, certainly.

The WITNESS: I was introduced to that party by Mr. Brien.

By Mr. Donaghy:

Q. He introduced you to a man called Belisle?—A. J. E. Belisle.

Q. Do you know who that man is now?—A. That is the same party on Bleury Street who threatened to get me after this was over.

Q. And who is that?—A. That is the name given to me, J. E. Bisaillon.

Mr. DONAGHY: Stand up Mr. Bisaillon.

By Mr. Donaghy:

Q. Is that the man you mean?—A. Yes, sir.

By the Chairman:

Q. What are you doing just now?—A. Me?

Q. Yes?—A. I am trying to get boats in the Chandler business.

Q. Which?—A. In the ship chandler business.

Q. You are doing nothing actually?—A. Actually nothing; I am not doing anything now at the present time.

Q. Doing nothing for your living?—A. Doing nothing for my living?

Q. Yes?—A. No, you are right.

By Mr. Calder, K.C.:

Q. What is your business?—A. Ship chandler business, and it is very hard to do business on the water front at present the way things are now.

By the Chairman:

Q. Have you ever done business on the highways, not on the water front, but on the highways?—A. On the highways?

Q. Yes?—A. Before 1921, yes sir.

Q. What did you do?—A. I sold booze.

Q. You sold booze?—A. Yes sir.

Q. Where?—A. Where? In the Province of Quebec.
Q. Did you go over the boundary line?—A. Never, sir.
Q. Never went to the States?—A. Never.
Q. Where did you sell your liquor in Quebec?—A. I sold it to the boats, lake steamers.
Q. Lake steamers?—A. Yes, sir, and I went up in Valleyfield County and sold some there to American people who come over to the farmers.
Q. You were some kind of an agent going through the country?—A. Yes, sir, I have done agent work selling booze.
Q. Did you do a large business with the farmers?—A. No. It was not exactly farmers, it was American people who come in there and bought off them.
Q. You opened the door of the barn and they were right there and would go away?—A. No sir, never went to a barn, they come right there and took it right off.
Q. What did you sell, what kind of booze, beers or liquors?—A. All liquors.
Q. Beer and intoxicating liquors?—A. No, I never touch any beers, all whiskey.
Q. Where did you take that whiskey?—A. I took it from different warehouses out in the province of Quebec, to Huntingdon County and sold it to different people who come in.
Q. Where are those warehouses situated?—A. Well, one was on Grannon Street.
Q. Where, Montreal?—A. In Montreal, yes sir, Hill's warehouse.
Q. And the other one?—A. Oh, I bought it from different firms, sir.
Q. Can you name the firms?—A. Well, I bought through Boivin & Wilson, A. Wilson, and different other firms.
Q. Big amounts?—A. Well, yes sir, over thousands of dollars at times.
Q. Thousands of dollars, and to-day you are ruined?—A. Yes sir.

By Mr. Donaghy:

Q. Mr. Barry, you have some documents?—A. Yes sir.
Q. What are they?—A. Well, because if they were thrown back at me, I would show him up, they would clear me.
Q. Is there some document to protect you against Bisaillon?—A. No, it is no document to protect me against Bisaillon.
Q. Who?—A. Something that was happening in court at one time, when a man said I stole $600; he was a partner with me, and I was suing him. I wanted to show that this man was lying. We took him down by an action in the court.

By the Chairman:

Q. It was not $600 that was stolen, it was $300?—A. No, $600.
Q. But as a matter of fact, you had stolen $300?—A. No, it was $600. I had the two copies, and if I had known this was coming up, I would have brought them up with me.

By Mr. Donaghy:

Q. What did that have to do with Mr. Calder's question to you first?—A. Just as this gentleman said here, $600 or $300. I could show that the man perjured himself, when he said it; I was suing, him, and I showed that I was an honest man.
Q. It had nothing to do with the Customs probe?—A. No, sir.
Q. You said Bisaillon threatened to "get you" at one time. Tell us about that?—A. It was on the 9th of April of this year.

By the Chairman:

Q. Of the year 1926?—A. Yes, two days before the elections, I was going up Bleury Street.

Q. Was that the municipal election?—A. The civic election. On the 9th of April I was going up Bleury St., and I met Mr. Belisle or Mr. Bisaillon, and he called out, he says "You are a fine fellow, you are working for the Duncan and Knox bunch". I said, "I never worked for the Duncan and Knox bunch." I was talking about the stuff coming in on the boats and killing our business on the waterfront. He says, "I will get you for this." He put up his fist. Some men on Bleury Street saw it; there were four or five of them.

By Mr. Calder, K.C.:

Q. Was that after Bisaillon had been asked whether he knew the man who used to run the American Ship Supplies Company?—A. That was on the 9th of April. It might have been after. I know it was on the 9th of April, about ten minutes past six. It was four or five weeks ago there was some talk about it.

Q. Did Bisaillon know that you were likely to have some knowledge about the business he was conducting, about the time he ran the liquor business?—A. He said he saw Duncan's report and read it.

Q. Was your name mentioned in it?—A. He said he saw my name mentioned in it.

Q. And he was angry at you about that?—A. That is what it seemed like.

Q. And he was threatening you?—A. That is what he said.

Q. What did he say to you?—A. He said he would "get me" after this probe.

By the Chairman:

Q. When did you meet Brien? Do you remember the date you met Mr. Brien?—A. In the winter of 1919 or 1920.

Q. Very nearly seven years ago?—A. Yes, sir.

Q. You remember that?—A. Yes, sir.

Q. What business had you to go and meet Brien?—A. I was sent by Boivin-Wilson, to go and get whiskey from those people, because Boivin-Wilson said they were acting for them, that Brien was the man to go and see.

Q. Brien was then in business?—A. Yes.

Q. He could have sold you some stuff?—A. Yes.

Q. But they sent you elsewhere?—A. They sent me elsewhere.

Q. They lost a client immediately, when they sent you elsewhere, and lost the benefit of a sale?—A. No, there was a lot of Boivin-Wilson stuff sold by that firm.

By Hon. Mr. Stevens:

Q. Who was it that sent you from Boivin-Wilson?—A. I do not know; he was there for years, I bought from him before they opened up.

By the Chairman:

Q. He said they were still selling liquor, and you were going to Brien, and he would sell you some liquor?—A. Yes, and it was to come from their place.

Q. How many times were you called as a witness in cases in Montreal?—A. Two, that I can remember of.

Q. Which cases were they?—A. The Delorme case was one.

Q. What else?—A. The police inquiry.

Q. What for, in the Police Inquiry?—A. I was part owner with this man in the ship business at No. 125 Commissioner street, my old store; he was giving something to the captain, and somebody heard it, and they got me.

Q. The ship business does not appeal much to me. What were you doing?—A. Supplying the steamers.

Q. With what?—A. With provisions. Nothing else.

Q. What kinds of provisions?—A. Everything you could name. Glass, coal, wood, provisions.

Q. Whiskey?—A. No sir. No whiskey. That man had a license there, but there was no whiskey.

Q. In the Delorme case, you were called, what for?—A. I was playing cards at about half past three o'clock in the morning at University street.

Q. And what?—A. I had my store at No. 125 Commissioner street, and I was living over the back of the store. When I came down, I saw this car passing me, when it should have gone the opposite way. I had a lot of money in my pocket, and I had asked permission to carry a gun. I walked down near Notre Dame there, and this car stopped, and I saw something that they wanted to throw out. I thought they were stealing something, and I read the paper.

Q. What time of the morning was that?—A. About a quarter to three in the morning.

Q. You were playing cards in the back of your store?—A. No, up on University street.

Q. Did you have some friends with you?—A. Yes, I had to have some friends with me, if I was playing cards.

Q. How many were there?—A. About seven.

Q. You were not alone on the street?—A. I was going home. My home was at the back of my store.

Q. Where?—A. At No. 125 Commissioner street west.

Q. How did the police know you could be a witness in that case?—A. I will tell you gentlemen. I went to Toronto, and they started in Toronto, a bad bunch we had in Quebec; the French are not so bad when you know them. I am telling you, it is funny that the police was mixed up with it, and I said it might not amount to anything; somebody sent a wire, and when I got off the train, I saw about fifteen reporters, but I got away from them.

Q. You did not want to be a witness?—A. As I was telling you when you stopped me, I saw this thing in the paper, and it took my eye. That is all.

Mr. CALDER, K.C.: Shall we go into the rest of that case, Mr. Chairman?

The CHAIRMAN: No.

WITNESS: I think Mr. Calder asked me who I was playing cards with; I would not say.

By Mr. Calder, K.C.:

Q. You were not called by the Crown, in that case?—A. Yes, sir.

Q. I called you as a witness?—A. Yes, and you asked me who I was playing cards with.

Q. Now, Mr. Barry, think a bit. You were called by Mr. Tache?—A. Perhaps I was, I could not tell you.

By the Chairman:

Q. You were called for the defence. You do not remember by which party you were called?—A. I had a subpoena to go, and I know Mr. Calder cross-questioned me.

Q. You were very sick a few years ago?—A. Not that I know of.

Q. Did you not go to some hospital in Montreal?—A. I was never in a hospital in my life.

Q. With a nervous break-down?—A. No, sir. Do I look as if I ever had a nervous break-down. Are you trying some jokes, or something?

The CHAIRMAN: That is all.

Witness discharged.

The CHAIRMAN: You are entitled to a day's pay as a witness, Mr. Barry, the same as you are in Montreal.

Mr. CALDER, K.C.: I may say, Mr. Chairman, if you will allow me, that there was no eagerness on the part of this man to be a witness, because I had been trying to find him. It was only by asking Captain Perrault that I discovered who he was and where he was to be found. He certainly was not eager to speak this afternoon.

I was asked to make a precis of a file concerning Joseph E. Belisle, which you will remember I put to Mr. Bisaillon at one time. I have here a precis of the file, which I will read into the record now. (Reads):

"ROYAL CANADIAN MOUNTED POLICE,

Precis of Royal Canadian Mounted Police—Headquarters file No. 24D24-3D4. Joseph E. Belisle, alias Bernier (Health Pharmacy Products) Montreal, P.Q., Customs Act.

On May 4th, 1923, one J. E. Belisle owner of the Health Pharmacy Products of Montreal, through his attorney, Edward Gignac, took out a bond at Quebec, under the provisions of the Inland Revenue Act, sec. 24, in the sum of $100,879 to cover transfer of 60 barrels containing 3,736.26 proof gallons of alcohol, from the Customs and Examing warehouse at Quebec, to the Murray Chemical Company at Montreal.

On arrival at Montreal, the 60 barrels were weighed and tested and were found to be deficient 59.50 proof gallons. Proceedings were taken by the Department of Customs and Excise to recover the sum of $535.50, representing the duty at $9 per gallon on the quantity deficient and judgment was secured by the Department on June 17th, 1924.

The lawyer for the Department of Customs and Excise, Mr. Maurice Dugas, Mr. McLaughlin, port surveyor, and Messrs. Masson & Kearney endeavoured to locate J. E. Belisle, but without success, nor could any such concern as the Health Pharmacy Products be found to be in existence.

The bailiff detailed to serve the summons could not locate the defendant in the proceedings.

The Superior Court bureau record bears file No. 3157.

Messrs. Jacobs & Phillips, Montreal; attorneys for the defendant, professed that they could not remember the name of the party who shipped the alcohol.

The Murray Chemical Company, consignees for the shipment, are described as being one V. M. Noel's concerns.

The Royal Canadian Mounted Police were unable to locate J. E. Belisle or to establish the existence of the concern known as the Health Pharmacy Products."

Mr. CALDER, K.C.: Mr. Chairman, I shall just deal with several matters which I wish to complete; you will remember, when we examined Mr. Bleakney, we asked him to furnish certain vouchers which he had mentioned, for the stuff sent Mr. Bisaillon, including the club-bag. I have received from Mr. Bleakney letter dated April 30, 1926, in which he asks me to file these vouchers; at the present time they have been mislaid among the papers I am handling but they will be discovered and I will file them.

I have also asked Mr. Hicklin to prepare the following returns: a list of automobiles sold by tender, at Montreal; which I now produce as Exhibit No. 194.

A list of automobiles sold by Mr. W. H. Dandurand, auctioneer, which I file as Exhibit No. 195.

A list of cars seized, in the possession of the Montreal police, by Canadian Customs officers, which I file as Exhibit No. 196.

I also file, as Exhibit No. 197, entries for home consumption of automobiles arriving per highway shipped through the port of Hemmingford, Quebec. These are copies certified by Mr. Orr. These are Customs entries which were not dealt with in the examination of Mr. Legault.

Somebody asked for a list of officers stationed at Rock Island, Quebec, in 1924, and 1925; I now file that information as Exhibit No. 198.

Pursuant to suggestion, Officer Knox was sent to Boston and Concord. He is now in Montreal attending the prosecution arising out of the Legault matter, which I took up here. I have the reports dealing with his procognitions, which includes the examination by counsel.

Another report is referred to in his statement of the records of the automobile licenses in Massachusetts. I do not know whether, under the ruling covering matters of course, I can put that in. Mr. Knox will be available, but will add nothing to the statement. May I read it into the record? It contains the registration of Maurice Delage.

The CHAIRMAN: Mr. Knox should be here to file that statement under oath. You may produce it to the Committee, but can not read it just now.

Mr. CALDER, K.C.: You see the failure of persons, who have been notified they are interested in the report, to attend before the Committee. It was expected that some of the persons, to whom wires were sent, would have been before the Committee this morning, so that we could enquire further into the matters referred to in that report, but they are not here.

J. E. A. BISAILLON recalled.

By Mr. Calder, K.C.:

Q. Mr. Bisaillon, do you know whether J. E. Belisle, the man who loaned you his name for the purposes of your business, was ever connected with the Health Pharmacy Products?—A. Never, I never knew anything about it; only what I saw in Hansard the other day. Now, Mr. Calder, it may help you if I tell you that there was a lease signed by Belisle, regarding the Commissioner street property, and you can see by the records.

Q. Have you got that lease?—A. I have not got the lease. You may get it from the owner of the building, and you can compare, from the signature of the bond.

Q. Whether it was signed by Mr. Belisle?—A. Yes, whether or not it was signed by Mr. Belisle.

Q. As far as you know?—A. I have no recollection whatever.

Q. Did you ever know of the Health Pharmacy Products?—A. The only thing I do know is what I saw in Hansard the other day.

Q. Do you know of the Murray Chemical Company?—A. I heard of them.

Q. That is, Mr. Noel?—A. I was informed that the Murray Chemical Company was on Berri street, and they got into trouble. I know McLaughlin had dealings with them.

By the Chairman:

Q. Mr. Bisaillon, a moment ago you heard Mr. Barry tell that you had met him on Bleury street, about the 9th of April?—A. No, it was in the latter part of April or the beginning of May.

Q. You have met him?—A. Yes, I have met him; I would hate to tell you what I have told him; it would not be language fit to repeat in this Committee.

By Mr. Calder, K.C.:

Q. He said he gave evidence against you at that time?—A. I was informed that he had made a false statement, in the Duncan report, that induced Inspector

Duncan to make the report, that was apparently false, and contained a line of talk against myself and another prominent man in the city of Montreal. I do not want to repeat the conversation but I told him that he was nothing else but a professional witness.

By the Chairman:

Q. That is what you told him?—A. Yes, that is what I told him; and I told him something else that I can not say here.

Q. Did you tell him that after this probe was finished, you would go after him?—A. After what? He is nothing to go after.

Q. You might punch his nose?—A. I would never punch anybody, or anything; I am not a fist fighter.

By Mr. Calder, K.C.:

Q. Sometimes righteous indignation would lead you to do it?—A. No, I am not built that way; I am not after him that way.

By the Chairman:

Q. Mr. Bisaillon, yesterday you refused to tell us something; I think to-day you will give us the information. The incident concerned a member of your family, perhaps, and I know you would not like to have a member of your family mixed in an investigation such as you are mixed with here. Who was the party in that room?—A. There was no member of my family in the room. If you would allow me to explain, I will tell you the truth.

Q. We will give you a chance to explain.—A. I met Detective Savard, and another fellow in connection with the City Police; I had seen him on different occasions with other officers of the Mounted Police; and we discussed his appointment.

Q. Savard was residing in your ward, in Montreal?—A. Yes. One day, I don't remember what date, he said that the Department of Justice had made a very poor selection. I said, "What is it?" He told me what happened, finally, that he was connected with the race-tracks, at the time, and he was on the lookout for someone coming in from the western boats, or going out, and he happened to see the Mounties, at that time, and asked me what they were doing there. I told him that there were seizures being operated by Mr. Giroux and Parizeau. He told me to keep clear of them because, he said, "He will stop at nothing." All right. So I told him, "I might need your assistance." He said, "You can have it any time." So at six o'clock they were there, and I telephoned him to come down with two men, I wanted to see him. The appointment with him was at the foot of Berri street, near the fish market. He had two strangers with him. He says, "There are your two men. Where are Fafard and McDonald?" I said, "They are down in the ward." Only one spoke, the little fellow. He says, "I don't know them." So after we discussed the matter they followed me to the office. I gave Fafard and McDonald a chair outside the office, and I pointed out these two men, Fafard and McDonald. Then they went back, and, in the meantime, I had given them the key to my house; my family was away. I brought them over to the house because Fafard said he would like to have a drink, and I said, "All right, we will go home." So I gave the key to these men, and mentioned to him at the time to give me a report of it. He sent a report to me that night. This was in their capacity as operators; one of them signed "Operator L.M." and I do not remember the other's signature. At the time the names of these two men were mentioned. Three days after, they gave me a full report of what had happened. I had that report for two or three years. I do not know if that report was taken with the rest of the papers, mislaid, or destroyed, but I have not got it at the present time.

By Mr. Doucet:

Q. Your statement is that Detective Savard introduced you to the operators?—A. Yes.

Q. And the two operators are the men who were in the other room, listening to the conversation?—A. That is what it is.

Q. Why did you not tell us that yesterday?—A. You did not ask me, or give me a chance.

Q. You told us you had forgotten the name, or didn't know who the man was— —A. I didn't know who the man was.

Q. Granting you did not know the men's names, you could have told us there were two operators, and a particular detective, and that would have answered it.

Mr. CALDER, K.C.: Mr. Bisaillon didn't say he did not know the names; he said he had forgotten them.

By Mr. Calder, K.C.:

Q. Savard is dead, isn't he?—A. Yes.

Q. And cannot be called?—A. No.

Q. And you don't know the names of these people?—A. I do not, sir.

Q. Now, the fact that Savard is dead, as you know, precludes me from putting certain matters to you in cross-examination. How was it, Mr. Bisaillon, if you were not "framing" Fafard, that you selected as the men to stand by you then, the one who of all Montreal is known, or was known as the greatest "framer"?—A. I was looking for my protection; I was not framing anybody, sir.

Mr. CALDER, K.C.: Well, my lips are sealed as regards dead men.

By Mr. Calder, K.C.:

Q. Did you have in your employ a man by the name of W. Broussard—or under you?—A. You mean in the—

Q. Preventive Service.—A. Yes.

Q. Did you ever receive from Mr. Broussard any report on the Dominion Distilleries?—A. I believe I did. I did receive it, but in the meantime it was investigated by Officer Kearney.

Q. Did you make any report to headquarters in consequence of this?—A. No; I believe you will find the report from Officer Kearney at the same time.

Q. Did you take any action whatever—you, yourself?—A. On account of Officer Broussard's report?

Q. Yes.—A. I did not, sir.

Q. And you did not report it to your chief?—A. No, because there was a report—at the same time Officer Kearney was investigating, and you will see on his weekly report a report of some kind.

Q. A report of some kind?—A. A report of that kind, referring to the inspection.

Q. That was filed with you?—A. Yes, sir.

Q. Officer Kearney's report was filed with you?—A. Well, a copy of it; and one copy would go to Ottawa.

Q. Did you forward one copy of it to Ottawa?—A. If it was reported, it has been.

Q. Well, was it?—A. I know that Officer Broussard spoke to me about it. The file will show on his weekly report; I have not got it.

Q. I will try to find the original of this report, but I am reading to you from page 15 of the copy. This is a letter which was found when your office was raided. It reads as follows:

"PORT OF MONTREAL,
AUGUST 19, 1924.

J. E. BISAILLON, Esq.,
Officer in Charge, Preventive Service,
Montreal.

SIR,—I have just received information that the Dominion Distilleries was smuggling liquor. The Dominion Distilleries received and unloaded that liquor during the night on ships for different places. There is actually in the bond of the government, not closed by padlock, 400 cases of imported liquor.

I have the honour to be, Sir,
Your obedient servant,
(Sgd.) W. BROUSSARD,
Preventive Officer."

Did you call Broussard in to enlarge upon his report?—A. I have no recollection, but I know I told him it was impossible for the bond to be open, as there was an officer in charge there.

Q. Did you go down and verify it? There are so many impossible things which have actually happened in the Customs.—A. I did not, because they were under the jurisdiction of the port of Montreal—under the jurisdiction of Mr. McLaughlin.

Q. Did you report it to Mr. McLaughlin?—A. Yes, I had an interview with him in reference to that.

Q. Now, the loading and unloading of ships at the Dominion Distilleries plant; surely that was within the purview of the Chief Preventive Officer of Montreal?—A. To a certain extent.

Q. To what extent? To the extent of not doing anything?—A. No, not to the extent of not doing anything, but outside of this information, we had no real information.

Q. I would suggest to you, Mr. Bisaillon, that when you have just a hint like that of a piece of wholesale smuggling going on, a Preventive Officer who was trying to really prevent and arrest, would set a watch on the ships.—A. They had an officer there all the time.

Q. Yes, he was an Excise Officer.—A. Excise and Customs.

Q. Very probably you would say "My jurisdiction does not extend to the point of watching ships at night; after I lock my bond, I go home".—A. No; I never knew there was any smuggling—

Q. Did you do anything to find out?—A. We had no reports outside of this report of Mr. Broussard's.

Q. Did you watch the ships? Did you set some man looking outwardly like a "bum", on the canal bank, to just look on and report to you?—A. No sir, I did not.

Q. Because the Excise men were there?—A. The Excise Officer, and it was under the jurisdiction of the surveyor of the port of Montreal.

Q. And when Mr. Lally is called, he will say "I did not do anything, because Mr. Bisaillon was supposed to be on watch."—A. He cannot tell you that—he will not tell you that.

Q. Then he will be the only Customs Officer who does not "pass the buck" to somebody.—A. I do not think I have "passed the buck" to anybody.

Q. I think you are passing it to Mr. Lally now.—A. No, I am not passing the buck" to Mr. Lally, because he was the officer in charge; I am not "passing the buck."

Q. This much is certain, that, having received from Mr. Broussard a hint that he had received information that during the night, ships were received and

unloaded, you did nothing to find out whether that was true or not.—A. You will find out there was an investigation by Officer Kearney and some other officer to that effect.

Q. What was the nature of that investigation?—A. They were at the plant, and they investigated to find out what they could.

Q. They went down and asked the Dominion Distilleries whether it was true?—A. I don't know what they did—

Q. There is one thing certain; the Preventive Service did not do any detective work at the docks during the night?—A. Oh, yes we did.

Q. Who did it?—A. We had five or six officers there; their names do not appear in the Duncan report.

Q. I cannot understand you, Mr. Bisaillon; you told me you did not do a thing because it was not within your jurisdiction, and now you tell me that you did it. Which is true?—A. The wharf at Montreal is large, and covers about twelve miles. We ship from Pointe au Tremble to McGill Street.

Q. Oh, that is what you meant? If I had not asked you the second question, it would have appeared on the record as if you had sent people to the wharf nearest the Dominion Distilleries?—A. We were looking for the trans-Atlantics.

Q. Now, I come back to my question: the Preventive Service put no person to watch and detect the receiving and unloading of ships at the Dominion Distilleries' wharf?—A. No, sir.

The witness retired.

The Committee adjourned until, Thursday, May 27, 1926, at 10.30 a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 55—THURSDAY, MAY 27, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Alberic Gelinas, Montreal, Que.

Mr. W. L. Hicklin, Chief Clerk, Preventive Service, Montreal, Que.

Mr. Charles P. Blair, General Executive Assistant, Department of Customs and Excise, Ottawa, Ont.

Mr. G. W. Taylor, Acting Deputy Minister, Department of Customs and Excise, Ottawa, Ont.

OTTAWA
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1926

EXHIBIT FILED:

No. 199—Statement of all automobiles seized in Montreal District from May 1, 1922, to November 12, 1925, giving names of parties from whom seized and disposition of same.

MINUTES OF PROCEEDINGS

TUESDAY, 27th May, 1926.

The Committee met at 10.30 a.m., Mr. Mercier, the Chairman, presiding.

Present: Messrs, Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Pere and Stevens—7.

Committee counsel present: Mr. Tighe.

The minutes of yesterday's meeting were read and adopted.

The Chairman read a telegram from Mr. E. H. Busby, summoned to appear as a witness, also a telegram from Mr. Busby's medical adviser, informing the Committee that the state of Mr. Busby's health would not permit of his attendance at the present time.

The Chairman read a letter from Mrs. Bertha Gentles of Toronto, Ont., stating that her husband, summoned to appear as a witness, is in Oklahoma, but is expected to return home shortly.

Mr. W. F. Wilson returned files given to him on the 25th instant, viz:

Preventive Service Files Nos. 11739 and 13832.

Departmental Files Nos. 125757, 125569, 125761, 125800, 125799, 125801, 125669, 124384 and 126227.

Together with a precis respecting these files.

Mr. N. L. Ford, Manager, Bank of Montreal, St. John N.B. submitted a statement of the account of W. George Ltd. from July 1921to 29th September, 1923, with certain relative deposit slips.

Mr. Alberic Gelinas, Montreal Que. was called and sworn, and examined partly in French, interpreted by Mr. Beauchamp, and partly in English, respecting guarantees and loans given by him to the firm of J. E. Belisle.

Witness discharged.

Mr. William Lionel Hicklin, Chief Clerk, Preventive Service, Montreal Que. was recalled. He filed an appendix to Exhibit No. 173 and an appendix to Exhibit No. 174, and also filed,—

Exhibit No. 199.—Statement of all automobiles seized in Montreal District from May 1, 1922, to November 12, 1925, giving names of parties from whom seized and disposition of same.

Witness retired.

Mr. Charles P. Blair, General Executive Assistant, Department of Customs and Excise, was recalled. He was examined respecting the departmental decisions arrived at in respect to the seizure of an automobile from

(1) R. Mercure of Granby Que. (File No. 121175).

(2) H. L. Cabana of Granby Que. (File No. 113527).

Witness retired.

Moved by Hon. Mr. Stevens,—That a precis be made of File No. 126507 for consideration of the Committee.

Motion agreed to.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Mr. J. E. Bisaillon, in attendance as a witness, was discharged.

Mr. G. W. Taylor, Acting Deputy Minister of Customs and Excise, was recalled. He read a precis taken from Departmental File No. 107118 respecting the Health Pharmacy Products Company, Quebec Que.

Witness retired.

Mr. Charles P. Blair was recalled and examined in connection with the departmental decision respecting the seizure of the Jeanne D'Arc of Bouctouche N.B. (File No. 113283).

Mr. G. W. Taylor submitted,—

File No. 119443, seizure of horse and carriage from James Gouin of Summerside, P.E.I.

File No. 124927, seizure of automobile from Fred Cleary of North Sydney N.S.

Files Nos. 76011 and 110640, infraction of Customs Laws by J. C. Blanchet of Chartierville, Compton Co., P.Q.

File No. 124854, seizure of boat from Alex J. Bonner of North Sydney in 1925.

Files Nos. 123447 and 126073, re Customs Officer R. H. Scrivens of Halifax.

Moved by Mr. Goodison,—That the following companies be required to produce all books, documents, etc. relating to their business for examination by the Auditors employed by this Committee, viz:

1. A. E. Rea & Company, 38 King Street West, Toronto.
2. Stappells Fletcher Limited, 47 Simcoe Street, Toronto.
3. Doherty Mfg. Co. Ltd. 310 Spadina Avenue, Toronto.
4. Prince Manufacturing Co. 197 Spadina Avenue, Toronto.
5. Silks Limited, 100 Wellington Street West, Toronto.

Motion agreed to.

The Committee adjourned until to-morrow at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

THURSDAY, May 27, 1926.

The Special Committee appointed to investigate the Department of Customs and Excise, and charges relating thereto, met at 10.30 a.m., the Chairman, Mr. Mercier presiding.

ALBERIC GELINAS called and sworn.

By Mr. Tighe:

Q. Mr. Gelinas, you are the manager of Boivin, Wilson Company of Montreal?—A. Yes, sir. R. Oui monsieur.

Q. When did they cease doing business?—A. In 1920, I believe. R. En 1921. 1920, je crois.

Q. For how many years were you the manager before that time?—A. Thirty-two years. R. Trente-deux ans.

Q. I understand Boivin, Wilson Company were a large and reputable company?—A. Yes, sir. R. Oui, monsieur.

Q. During your time as manager of Boivin, Wilson Company, had you any dealings with the firm called J. E. Belisle?—A. Yes sir. R. Oui, monsieur.

Q. Will you just tell us the nature of your dealings with them?—A. We sold them liquors. R. On leur vendait des boissons.

Q. Do you remember when J. E. Belisle Company started doing business? —A. In 1919 and 1920. R. En 1919 et 1920.

Q. And do you remember when they went out of business?—A. Yes. R. Oui, monsieur.

Q. Presumably April, 1921?—A. Yes, April, 1921. R. Avril 1921.

Q. Had you any other business with them beyond merely the sale of liquor by your firm to them?—A. No. R. Non, monsieur.

Q. That was purely the business between your firm and J. E. Belisle?—A. Yes. R. Oui, monsieur.

Q. Now, had you any personal relations with that firm?—A. Yes. R. Sûrement.

Q. Will you tell us the nature of your personal relations with them?—A. They were two Customs officers whom I knew very well. R. C'étaient deux officiers de douane que je connaissais très bien.

Q. Who were they?—A. J. A. E. Bisaillon, Ludger Brien, and J. E. Belisle. R. J. A. E. Bisaillon, Ludger Brien, et J. E. Bélisle.

Q. What were your relations with them?—A. We were good friends. R. On était de bons amis.

Q. I mean in a business way?—A. I knew them before that also. R. Je les connaissais avant cela aussi.

Q. Had you money transactions with them during this time?—A. Certainly, I had loaned them money at that time. R. Certainement, je leur ai prêté de l'argent dans ce temps-là.

Q. Was that to help them in their business?—A. Yes. R. Oui, monsieur.

Q. How much money did you lend them?—A. I guaranteed their account at the bank for the amount of $25,000. R. J'ai garanti leur compte pour $25,000 à la banque.

Q. So your transactions with them was not the lending of money, but the guaranteeing of their account with the bank?—A. Yes. R. Oui, monsieur.

Q. Who constitued this firm of J. E. Belisle?—A. J. E. Belisle, J. E. A. Bisaillon, and Ludger Brien. R. C'était J. E. Bélisle, J. A. E. Bisaillon, et Ludger Brien.

Q. Was anybody else interested in that firm?—A. Not that I know of. R. Pas que je sache.

Q. Now, this guarantee you speak of, of $25,000, that was a personal matter between you and them; it was not a matter between your firm and them?—A. It was an arrangement between myself and Mr. Brien. R. Non, entre moi et M. Brien.

Q. That was a personal guarantee by you?—A. Yes. R. Oui, monsieur.

Q. And you were not looking to your firm, in any way, to indemnify you under that guarantee?—A. No. R. Non, monsieur.

Q. Had you to implement your guarantee in any way afterwards?—A. I had to take care of the amount of $15,000, afterwards.

Q. (Interprétation). On demande si vous étiez obligé de couvrir?—R. J'ai été obligé de couvrir un montant d'à peu près $15,000.

Q. Did you ever get that back?—A. No. R. Non, monsieur.

Q. Or any portion of it?—A. No. R. Non, monsieur.

Q. And why did you guarantee this amount of $25,000 of J. E. Belisle?—A. Because they were my friends. R. Parce que c'étaient mes amis.

Q. Mr. Gelinas, was that your sole motive in entering into this guarantee of $25,000?—A. They were good customers of mine. R. J'avais des bons clients; c'étaient des bons clients pour moi.

Q. They were customers of your firm, and not yourself personally?—A. Yes, sir.

Q. So it would be the motive of your firm to guarantee the money rather than yourself?—A. They were my friends, so I put up the guarantee myself. R. Non, c'étaient de mes amis, alors c'est moi qui ai garanti.

Q. You say that there was no other object in view, or no other motive, in guaranteeing this amount of $25,000?—A. No. R. Non, monsieur.

Q. Had you any interest in that business?—A. No. R. Non, monsieur.

Q. When you had to make payment of $15,000, did you endeavour to recover any of that money from Brien or Bisaillon?—A. I was not able to recover any amount. R. Je n'ai pas été capable.

Q. Well, Mr. Gelinas, do not you know that under these facts, they would be bound to indemnify you, both Bisaillon and Brien?—A. Certainly, but they did not have any money to indemnify me.

Q. (Interprétation). Est-ce qu'ils ne seraient pas obligés de vous indemniser d'après cet arrangement?—R. Certainement, mais ils n'ont pas d'argent.

Q. If they had any money, you would have endeavoured to recover from Brien and Bisaillon?—A. Yes. It was only Mr. Brien who was responsible. R. J'étais responsable pour M. Brien seulement.

Q. Why do you say Bisaillon was not responsible?—A. Because the account was in Brien's name. R. Parce que le compte était au nom de M. Brien.

Q. They were carrying on business under the name of "J. E. Belisle"?—A. Yes. R. Oui, monsieur.

Q. Now, in your dealings with J. E. Belisle and Company, under whose name did you deal with them?—A. I dealt with Brien.

Q. (Interprétation). Avec qui faisiez-vous affaires chez J. E. Bélisle?—R. Avec M. Brien.

Q. In your books, were all the charges entered against Brien, or against J. E. Belisle?—A. J. E. Belisle. R. J. E. Bélisle.

Q. When you first enter into business with a firm, trading under a firm name, do you not find out who are the members of a firm?—A. Yes. R. Oui, monsieur.

Q. Did you ever hear why they carried on business under the name of J. E. Belisle?—A. I suppose it was because they were Customs officers. R. Je suppose, parce qu'ils étaient officiers de douane.

Q. And it would be improper for them to carry on business under their own names?—A. Yes. R. Oui, monsieur.

Q. Did you know that they were devoting some of their government time to the carrying on of their own personal business?—A. I did not know. R. Je ne le sais pas.

Q. Anyway, you knew it was improper for them to be carrying on business while employed in the Customs Department?—A. To me it made no difference. R. Pour moi, cela ne fait pas différence.

Q. I know it made no difference to you, but it struck you as being not proper, didn't it, Mr. Gelinas?—A. I was not called upon to judge as to that, or determine that. R. Je n'étais pas chargé de voir à cela.

Q. If you were asked for an opinion, you would say that it was not a proper thing to do, would you not?—A. Probably. R. Probablement.

Q. And that was their motive in carrying on business under another name? —A. Yes. R. Oui, monsieur.

Q. And with that knowledge, you carried on business with them?—A. Yes. R. Oui, monsieur.

Q. And you guaranteed their account for $25,000?—A. Yes. R. Oui, monsieur.

Q. You had no other motive then, according to what you say, in doing so, except Brien was your personal friend?—A. Yes. R. Oui, monsieur.

Q. Did you find out who J. E. Belisle was?—A. Mr. Brien came to the store and introduced him to us. R. Brien est venu au magasin, il nous l'a présenté.

Q. He introduced Belisle to you?—A. Yes. R. Oui, monsieur.

Q. What interest had Belisle in the business?—A. I don't know. R. Je ne le sais pas.

Q. What was his object in coming and introducing Belisle to you?— A. Because that was Mr. Belisle, and he did business under the firm name of J. E. Belisle. R. Parce que c'était Bélisle et qu'il faisait affaires sous le nom de Bélisle.

Q. He would not be likely to bring him around to you unless he had some interest in the business?—A. I know nothing. R. Je n'en sais rien.

Q. What did he say when he brought him to introduce him to you?—A. He told us that he was Mr. Belisle. R. Il nous a dit que c'était Bélisle.

Q. Did he say that he was the man who was carrying on the business?— A. Yes. R. Oui, monsieur.

Q. That would imply that he had an interest in the business?—A. I suppose so. R. Je suppose.

Q. Did you find out that interest was?—A. No. R. Non, monsieur.

Q. Does not it seem rather curious to you, a businessman like you, that you should be asked to guarantee this amount of $25,000, of the firm, and not find out which members of the firm were responsible?—A. The account was in Brien's name. R. La responsabilité que je prenais était au nom de Brien. Le compte était au nom de Brien.

Q. Yes, but would it not have been in your interest to have had the other members of the firm, that is, Belisle and Bisaillon, liable to you as well as Brien? —A. All the transactions or dealings were cash business. R. Toutes les transactions étaient comptant.

Q. But do you not realize, Mr. Gelinas, that you were guaranteeing this firm's indebtedness, and naturally should have had the firm behind you?—A. No. R. Non, monsieur.

Q. That does not strike you as a business man to be a natural proposal?—A. All the transactions were cash transactions. R. Toutes les transactions étaient comptant.

Q. But that is hardly an answer to my question. What I ask you is this; you guaranteed the account of the firm, and you only had one member of the firm behind you to indemnify you. Does that not strike you as extraordinary? —A. It was because the account was in Brien's name. R. C'est parce que le compte était au nom de M. Brien.

Q. But you were liable for the whole debts of the firm?—A. Yes. R. Oui, monsieur.

Q. Had you any other business transactions with the firm of J. E. Belisle, or Brien besides the guarantee?—A. We sold them goods every day. R. On leur vendait des marchandises tous les jours.

Q. But had you any other personal transactions with them, yourself?—A. I do not think so. R. Je ne pense pas, non.

Q. Do you remember a farm that Bisaillon or Brien bought?—A. Yes. R. Oui, monsieur.

Q. Had you any interest in that firm?—A. Yes, I had. R. Oui, monsieur.

Q. How much interest had you in it?—A. I was interested to the extent of one-third. R. Un tiers, je pense.

Q. Do you remember how much you paid for that farm?—A. Between $2,000 and $3,000. R. Deux ou trois mille piastres, je pense.

Q. That is, each of you put up $2,000 or $3,000?—A. No, that was the bulk. R. Non, en tout.

Q. How was that purchase price paid? Was it paid out of the money of J. E. Belisle?—A. No, I paid my share. R. Non, j'ai payé ma part.

Q. You paid your share, personally?—A. Yes, I did. R. Oui, monsieur.

Q. So that the result of your transactions with the J. E. Belisle Company was that you lost this $15,000?—A. Yes. R. Oui, monsieur.

Q. And you did not receive anything back?—A. No. R. Non, monsieur.

By Hon. Mr. Stevens:

Q. Mr. Gelinas, did you know that firm, or did you know J. E. Belisle personally?—R. No, I did not know him. R. Non, je ne le connaissais pas.

Q. Had you ever seen him?—A. I saw him twice, on two occasions. R. Oui, deux fois.

Q. Did you know that he was the owner of the Health Pharmacy Products? —A. No, I did not know that.

Q. (Interprétation) Avez-vous su s'il était le propriétaire du Health Pharmacy Products?—R. Non, je ne le sais pas.

Q. You cannot assist us to discover who J. E. Belisle was?—A. No. R. Non, monsieur.

By Mr. Tighe:

Q. Can you give us a description of him. Mr. Gelinas?—A. That occurred six years ago. R. C'a fait six ans de cela.

Q. Is he anything like Mr. Bisaillon?—A. He is not Mr. Bisaillon. Of course I knew Mr. Bisaillon then. R. Non, monsieur.

Q. I ask you, was he anything like him?—A. No, he was not. R. Non, monsieur.

Q. You cannot give us any description of him at all?—A. He came into the store twice, and was introduced to us as Mr. Belisle. Those were the only occasions on which I saw him. R. Je l'ai vue deux fois dans le magasin. Il est venu dans le magasin, et nous a été présenté comme étant M. Bélisle. C'est tout ce que je sais.

Q. And if Mr. Bisaillon's story is correct, that Belisle only used his name, he would have no object in bringing him into your store?—A. I do not know. R. Je ne sais pas.

Q. You can quite see that, can you not?—A. Of course if he says that, it must be right.

Hon. Mr. STEVENS: This Mr. J. E. Belisle is the most mysterious person ever known. I may say that I have grave doubts in my own mind as to his identity or existence.

By the Chairman:

Q. Mr. Gelinas, the J. E. Belisle Company had an office in Montreal?—A. Yes, they had.

Q. J. E. Bélisle et compagnie avait un bureau à Montréal?—R. Oui, monsieur.

Q. They carried on a large business?—A. Yes.

Q. Ils faisaient de grosses affaires?—R. Oui, monsieur.

Q. Did you ever go there, yourself?—A. Yes, I did.

Q. Vous n'avez jamais été là?—R. Oui, j'y ai été.

Q. Did you see a photograph of Belisle in the office?—A. No, I did not.

Q. Y avez-vous vu le portrait de M. Bélisle, comme cela se voit dans toutes les maisons d'affaires; ils mettent leur portrait dans le bureau?—R. Non, monsieur.

By Mr. Tighe:

Q. Mr. Gelinas, you say they were carrying on a cash business. How did they get into the bank, then, to the extent of $15,000?—A. This occurred at the end. The business had a bad ending. R. C'était à la fin; l'affaire a mal tourné.

Q. It was all right up to the last moment, was it?—A. Yes. R. Oui, monsieur.

Q. You never found out how it happened, about the $15,000?—A. No, I did not. R. Non, monsieur.

Q. You were only suspicious at the last moment about that?—A. Yes, I was. R. Oui, monsieur.

Q. And with suspicions like that, you never made any further inquiries about it?—A. No, I did not. R. Non, monsieur.

Q. Does that not strike you as rather queer?—A. In the first instance, I had to protect the interests of Boivin-Wilson & Company. R. Non, monsieur. J'avais d'abord à protéger les intérêts de Boivin, Wilson et Cie.

Q. So that as long as you had the interests of Boivin-Wilson & Compar protected, you were not bothering about yourself?—A. It was my duty. Apart from that, I was responsible to the bank. R. C'était mon devoir. Ensuite, j'étais responsable à la banque.

By the Chairman:

Q. Mr. Gelinas, I would like to put a few questions to you. You are a business man; you have been in the liquor business for some years?—A. Yes.

Q. Je voudrais vous poser quelques question, ça ne vous regarde pas personnellement. Vous êtes un homme d'affaires depuis nombre d'années, vous avez toujours été dans le commerce des alcools?—R. Oui, monsieur.

Q. You were also mayor of your city?—A. Yes, I am.

Q. Vous êtes maire de votre ville?—R. Oui, monsieur.

Q. That is, the city of Pointe aux Trembles?—A. Yes, the city of Pointe aux Trembles.

Q. De la ville de la Pointe aux Trembles?—R. Oui, monsieur.

Q. Your business dealings brought you frequently in contact with the Customs Department of Canada?—A. Yes.

Q. Vu vos relations d'affaires et votre genre de commerce, vous avez dû certainement être souvent en relations avec le département des douanes du Canada, en général?—R. Oui, monsieur.

Q. On the strength of your experience, could you not give us some recommendations that would be of use in the administration of the Customs Department?—A. I have not been at the Customs for ten years, I believe.

Q. Pouvez-vous nous donner actuellement, d'après l'expérience que vous avez acquise, quelques bonnes recommandations sur la bonne administration de ce département-là?—R. Je n'ai pas été à la douane depuis dix ans, je crois.

By Hon. Mr. Stevens:

Q. You did not get any tips from Mr. Bisaillon, when you were in business? —A. No, sir. R. Non, monsieur.

By the Chairman:

Q. Do you think the Customs building in Montreal is sufficient for the administration of the Department work there?—A. I believe so.

Q. Croyez-vous que la bâtisse des douanes, à Montréal, est suffisamment grande pour l'administration de ce département?—R. Je pense que oui.

The CHAIRMAN: That is all.

Witness retired.

W. L. HICKLIN recalled.

By the Chairman:

Q. Mr. Hicklin, you are still under the same oath?—A. Yes, sir.

By Mr. Tighe:

Q. I understand you have some documents to put in; what are they?—A. They are in connection with the sale of alcohol to Laporte & Martin, the National Drug Company, and the Central Pharmacy, in connection with Exhibits Nos. 173 and 174 (Producing documents).

By Hon. Mr. Stevens:

Q. Is this the precis you were ordered to make, the day before yesterday? —A. Yes.

Hon. Mr STEVENS: You had better connect it up, Mr. Tighe.

By Mr. Tighe:

Q. Mr. Hicklin, is this the precis you were asked for, as shown on page 2293 of the evidence?—A. Yes.

Q. Is there any other statement you want to put in?—A. Yes, there is another statement. I have here a rough note of the quantity sold and the quantity destroyed.

Hon. Mr. STEVENS: Mr. Tighe, you had better put this in as an exhibit, under the order on page 2293.

Mr. TIGHE: Very well, Mr. Stevens.

Hon. Mr. STEVENS: That is all that is necessary.

Mr. TIGHE: Mr. Calder requested Mr. Hicklin to prepare a list of the automobiles that were seized from the 1st of May, 1922, to the 12th of November, 1925, and the disposition of the same.

By Mr. Tighe:

Q. You have prepared that list, Mr. Hicklin?—A. Yes, sir.

By Hon. Mr. Stevens:

Q. Is this in addition to the others?—A. No, sir. That is a complete list of the automobiles seized in the district of Montreal, between those two dates. Mr. Calder asked me to prepare it.

Mr. TIGHE: This will be Exhibit No. 199. That is all, Mr. Hicklin.

Witness retired.

C. P. BLAIR recalled.

By Hon. Mr. Stevens:

Q. Mr. Blair, you are already sworn?—A. Yes.

Mr. TIGHE: Mr. Chairman, this is in connection with the seizure of a Hudson sedan, known as the R. Mercure seizure, file 121175, Department No. 32646, and port No. 165.

By Mr. Tighe:

Q. Mr. Blair, will you take this K-9 and look at it; is this the seizure in that case, the K-9?—A. Yes.

Q. This is the K-9, the particulars of which are as follows:

On the 18th of October, 1923, W. E. Dow, a Customs-Excise examiner at the port of Abercorn, seized one five-passenger Hudson sedan, of the probable value of $3,000 on a charge of having been smuggled into Canada and sold, and that to the best of his knowledge and belief, the car was the property of R. Mercure of Granby, Que., and that at the time of the seizure, it was in the possession of R. Mercure, and he charged H. L. Cabana of Granby, Que., with having sold it, on which the Customs duty had not been paid. (Reads):

> "The circumstances which led to the foregoing seizure, detention or charges were as follows, viz.:
>
> Information that R. Mercure had in his possession an automobile which had been smuggled into Canada, and sold to the above, without reporting at Frontier customs, or without having paid Customs duty thereon.
>
> Mr. Mercure stated that Mr. Cabana when selling him this automobile promised to pay Customs duty at once, which he failed to do."

This seizure is signed on the 20th of October, 1923, by W. E. Dow. I want to go into something else before I go into this seizure. In connection with this seizure, Mr. Blair, there was some considerable delay owing to a claim by an insurance company in the United States, who thought that this represented a stolen car. Is that the case?—A. No, I do not think there was any delay upon that account.

Q. Anyway, the first note or memorandum of a decision I find in the file is dated the 14th of January, 1924. That was the first one. There were three decisions in this case really, but that was the first report?—A. There was a report. That case was reported upon that decision of the 14th of January, 1924, just a few months after it was seized.

Q. Up to that, there was some correspondence with a firm of solicitors in connection with an insurance company?—A. No, I think you are getting that mixed with the other car.

Q. Anyway, Mr. Blair, on the 14th of January, 1924, you drafted a decision?—A. I drafted a recommendation for the Deputy.

Q. I mean a recommendation?—A. There were two seizures.

Q. We will deal first with the Mercure seizure, and we will deal with the Cabana one afterwards?—A. There were two went in at the same time.

Q. We will deal with the Mercure one first. This (showing to witness) is your recommendation?—A. Yes.

Q. Your initials are there?—A. Yes. I prepared that for the Deputy.

Q. I will read this into the record. (Reads):

"Report of Commissioner of Customs and Excise

14th January, 1924.

This is a seizure from Mr. O. Mercure, Granby, Quebec, of one Hudson sedan automobile for having been smuggled into Canada. The duty paid value of the car is reported to be $3,000, and it has not been released.

Customs officers at Abercorn and Highwater, received information that an organization operating in Montreal was distributing smuggled cars through an agent at Granby, Que., and that one of those smuggled cars was in the possession of O. Mercure, of Granby. On October 18th, the officers investigated and found a Hudson car in Mr. Mercure's possession, which he claims to have purchased from Mr. H. L. Cabana, who, at the time of purchase, promised to pay Customs duty at once. The officers placed the car under seizure.

An affidavit has been filed by J. A. Menard, and O. Mercure, in which it is claimed that the car was purchased by Menard from Fred Baldwin of Montreal, on October 8th, and sold by him to Mercure, the latter to assume responsibility for Customs duty if same had not been paid.

On October 18th they went to the Customs officer at Granby to arrange for payment of duty if same had not been paid, and while they were at the Customs office, the Customs officers arrived and placed the car under seizure.

The affidavit was forwarded through the Collector of Customs at Abercorn, who in a cover letter states that in an interview Menard admitted that he knew when he purchased the car, that the duty had not been paid on it. A declaration has been filed by the Customs officers who made the seizure, in which they state that Mercure at the time of its seizure, stated that he had purchased the car from Mr. Cabana, with the understanding that the latter was to pay the duty. In a further report, the Collector at Abercorn advises that when Menard and others who were in possession of smuggled cars found that the officers were still looking for them, rushed three cars to the outport of Comins Mills, and paid duty on them on October 25th.

The matter stands as follows:

Appraised Value	$1,950 00
Duty	682 50
Sales Tax	157 95
Excise Tax	203 25
Penalty	682 50
Total	$1,726 20

I would recommend that the automobile be released on payment of $1,726.20, together with expenses of seizure, and subsequent keep, to be forfeited, and in default of such payment for thirty days, that the automobile be and remain forfeited, and be dealt with accordingly.

R. R. FARROW,
Commissioner of Customs and Excise."

C.P.B.
14/1/24.

Mr. TIGHE: And then the signature of the Minister of Customs and Excise.

The CHAIRMAN: Read the whole thing, I see a couple of lines.

Mr. TIGHE: I was going to read those, Mr. Chairman. It says:

"Decision of Minister of Customs and Excise in the foregoing matter is in the terms of the above recommendation."

and then there is the stamp signature of Mr. Bureau, Minister of Customs and Excise, which signature was subsequently crossed out.

The CHAIRMAN: Where is that?

The WITNESS: That was never issued by the Minister at all; there were two seizures.

By Mr. Tighe:

Q. Now, Mr. Blair, you prepared a report on the fourteenth January, 1924? —A. Yes.

Q. And those facts, as set out there, and the conclusions represent your opinion at that time—A. Well, it was a precis of the evidence.

Q. And that represented your true opinion of the matter at that time?—A. Yes, my true understanding of the situation at that time.

Q. And that was signed by Mr. Farrow, Commissioner of Customs and Excise?—A. Yes.

Q. How did the stamp of Mr. Farrow come to be placed upon that and subsequently crossed out?—A. Well I cannot explain that. There were two seizures as you know; you have referred to them.

The other was known as the Cabana seizure on the same day, and the two recommendations of Mr. Farow are dated the same date, and they left Mr. Farow's office and went into the Minister's office together. One came out signed a long time afterwards, on the 28th September, 1925. That is signed—does that show there?

Q. It does not show when it was signed?—A. The other one does, the one that was signed. These two went into the Minister's office, you see, and only one came out.

Q. Which one came out?—A. This one, the Cabana one, on the 28th of the tenth, that is the 28th October '24. The other one never came back to us at all. You see the stamp was on there, but the stamp was cancelled.

The CHAIRMAN: That is the Hudson sedan.

Mr. TIGHE: That was the Hudson sedan, the other was a Hudson coach.

By Hon. Mr. Stevens:

Q. This was sent by you— —A. Passed into the Minister.

Q. Passed into the Minister, and by rubber stamp signed?—A. But it did not get past.

Q. Very good; but the fact is it was signed?—A. You can see the stamp is on it, yes.

Q. When was that stamp erased or crossed out?—A. I cannot tell.

Q. All right, go ahead?—A. I did not see them till long, long afterwards. Just one came back from the Minister's office signed.

By Mr. Tighe:

Q. This stamp could only have been put on in the Minister's office?—A. Oh yes, that is the duty of Mr. Ide, the Secretary.

Q. And then it must have come back to you to get on the file again?—A. No; well, eventually it came back cancelled, when it came back, you see, without any signature.

Q. Well then, it would be cancelled in the Minister's office then?—A. It was cut off the report and put on the file.

By Hon. Mr. Stevens:

Q. The law is that "30 days afterwards"; in the absence of any protest car is forfeited, that is the law?—A. 30 days after which?

Q. If no protest or objection is made within thirty days?—A. From the date of the decision?

Q. Yes?—A. Yes.

Q. Then the law is—I am speaking about the Statute—that the car is forfeited?—A. It depends upon the terms of the decision. Under that decision that would have been the case.

Q. That is what I am talking about?—A. Yes.

Q. Under this decision?—A. Under that decision the car would have been forfeited unless it had been released within 30 days from the date of the decision.

Hon. Mr. STEVENS: That is 30 days after. What is the date of that, Mr. Tighe?

The WITNESS: You cannot tell. The original date of the recommendation was the 14th January. There is no date to show when it was signed by the Minister.

By Hon. Mr. Stevens:

Q. But anyway 30 days after the signature of the Minister?—A. All we ever know about that date—I put on it the date on the bottom, as there is on the other; when it comes from the Minister's office to me, that date is put on.

By the Chairman:

Q. This decision was prepared from the evidence you had then before you?—A. Yes.

By Mr. Tighe:

Q. Why was that never acted upon, Mr. Blair?—A. You mean, why the Minister cancelled it?

Q. I mean, why was that never acted upon in the Department, or can you say why?—A. Well, it was acted upon in the Department. The Deputy made his recommendation and it passed into the Minister's office. We could not do anything more.

Q. You cannot say then why the Minister's signature to it was cancelled?—A. Oh no, I do not know anything about that.

Q. You have no explanation to give of that at all?—A. I do not know anything about it.

Q. Well then, I notice in the file that there was another memorandum made by you on the 20th of April, 1924, for the Acting Minister of Customs and Excise.

Hon. Mr. STEVENS: What date is that?

Mr. TIGHE: That is dated 20th April, 1925.

The WITNESS: A memorandum I prepared for Mr. Farrow, is it?

Mr. TIGHE: I will read the memorandum:

"MEMORANDUM FOR THE HONOURABLE J. P. A. CARDIN,

Acting Minister of Customs and Excise

20th April, 1925.

Highwater, Quebec. Seizure 32633/42
H. L. CABANA.

Abercorn, Quebec. Seizure 32646/165
R. MERCURE.

Information has been received by Customs Officers at Abercorn that an organization operating in Montreal were scattering smuggled automobiles through the country, placing them in the hands of agents in the larger towns and that several such cars were in and around Granby, handled through one Cabana who has a very bad reputation.

Three seizures were made at Abercorn on the 18th October, and one at High Water. The information covered other cars which the officers failed to locate that day and also on later trips on the 22nd and 23rd October. It was found later that the cars had been rushed to the small outport of Comin's Mills under Sherbrooke, and entered as having arrived by highway from the United States. The entries are on file and are made by Menard (who now claims car Seizure 32646/165, Cabana & Laroux)."

Mr. TIGHE: That is the Cabana car, the Mercure car is 32646/165.

Hon. Mr. STEVENS: Just a minute; make that point clear. Mr. Blair is on record—

Mr. TIGHE: I am going to make that clear, Mr. Stevens. I will just repeat that:

"The entries are on file and are made by Menard (who now claims car seizure 32646/165, Cabana & Laroux)."

Is that the R. Mercure seizure?

The CHAIRMAN: Yes.

Hon. Mr. STEVENS: Yes.

The CHAIRMAN: The other one was seized on the 18th day of October, 1923.

By Mr. Tighe:

Q. That is the case, Mr. Blair?—A. Yes. You have the papers there.

"The inference is that the parties knew duty had not been paid and hastened to pass them at Customs before seizure.

The Cabana car (above seizure 32633/32) has been forfeited and sold. In any event it has developed since the sale that this was a car stolen in the United States and if the car were still in Customs possession would be returned.

The car covered by seizure 32646/165 from R. Mercure is claimed by J. A. Menard who says he was an innocent purchaser.

It is not denied that the car was smuggled into Canada. Consequently legally it is subject to forfeiture wherever found, but our practice has been to release to an 'innocent holder' on payment merely of a sum equal to duty and taxes plus expenses of seizure and keep.

By 'innocent holder' in this connection is meant one who was not aware of any circumstances which would put him on his guard against

possible irregularities, and the concession has not been granted to all who could say they had no actual knowledge of irregularity.

This car was seized in the possession of R. Mercure at Granby, who stated that Mr. Cabana who sold him this automobile promised to pay the duty at once but did not do so.

Now, the 'innocent holder' claim can only be applied on behalf of Mercure and aside from Mercure's statement as to the seizing officer there is on file an affidavit of J. A. Menard endorsed by Mercure that when the car was sold to Mercure for $1,000, it was sold subject to payment by the purchaser of the duty, that is Mercure knew before he bought the car from Cabana that it was not duty paid, and subject to forfeiture.

Mercure swears he bought the car from Fred Baldwin in Montreal. Baldwin cannot be located and we believe is fictitious. A car bought by Menard was sold by Cabana to Mercure, thus linking up Menard with Cabana a well-known dealer in smuggled automobiles.

Mercure himself was not an innocent holder of the car, otherwise why would it be sold subject to payment of duty? The Collector at Abercorn states that Menard admitted to him that he was told by one Legare before he bought the car that duty had not been paid on it.

On the 21st October, 1923, in the presence of W. S. Bullock, M.L.A., and Collector F. F. Fyles, Menard made a statement regarding the matter. The Collector's report of the statement is as follows:

> 'I go to Montreal quite often. Two friends of mine in Granby asked me to buy them automobiles if I saw some that were cheap. I had occasion to go to town early in October. I saw Fred Baldwin, he offered me Hudson Coach and Hudson Sedan for $2,000. I called my friends by telephone and they said to buy them. I met a friend on the street and he warned me to be careful. I went to Mr. Legarre and asked him to look the two cars up and see if the duty was paid. This he did and found the duty was not paid. I told Fred Baldwin —he said 'Take the cars home, pay the duty and I will send you a check.' I went to the Customs House in Granby, Quebec, on the 18th of October to do this. Mr. Quinn gave me the necessary forms and told me that I would have to make them out or have them prepared for his acceptance. I left his office for this purpose—in the meantime the cars were seized by the Officers of Customs.'

Mr. Bullock's recollection differs in some detail from the Collector's and an extract from his letter to the Collector is as follows:

> 'On reading over this declaration I note what you say concerning Fred Baldwin having said 'Take the cars home, pay the duty, and I will send you a check.' I agree to this. I do not remember his having said Baldwin would send him a check in payment of the duties. My recollection is that after he received confirmation from Legare that the duties had not been paid, he advised his friends in Granby of this fact. It was at this time he arranged to have them paid, and saw Mr. Quinn, the Customs Officer, for blanks. I have telephoned Menard to have him confirm the statement as you have it but he confirms my impression, and that Baldwin did not promise to refund the duties. Instead, he advised his friends in Granby that he had learned on good authority that the duty had not been paid and that they should not take out the cars until he had arranged this. It was while he was providing for the payment of the duty that the cars were seized.'

Even on Mr. Bullock's understanding of what was admitted Menard could not be held to be an 'innocent holder' of the car.

The conclusion is that the recommendation made by me in the matter is right.

That the automobile be released on payment of $1,726.20 together with expenses of seizure and subsequent keep to be forfeited; and in default of such payment for 30 days that the automobile he and remain forfeited and be dealt with accordingly.

This is equal to duties, sales tax, excise fees, plus a penalty equal to duty—$682.50 plus the expenses of seizure and keep. If not released the car will be forfeited and sold.

Respectfully submitted,

(Signed) R. R. FARROW,
Deputy Minister."

By Mr. Tighe:

Q. Did you prepare that report, Mr. Blair; I do not see your initials on it?—A. Yes sir.

Q. You prepared that report?—A. Yes sir.

Q. So that on the 20th April, 1925, you held the same opinion as you did on the 14th January, 1924?—A. Yes.

Q. And will you tell us how you came to prepare a report on the 20th April, 1925, when your one of the 14th January, 1924, was still outstanding?—A. I do not get those dates.

Q. You see, Mr. Blair, you prepared a report first on the 14th January, 1924?—A. Yes.

Q. And then you prepared a second one on the 20th April, 1925?—A. Yes.

Q. How did you come to prepare the second one when the first one was still outstanding?—A. One is a report on the matter for decision and the other is a memorandum to Mr. Cardin.

Q. How did you come to prepare that memorandum?—A. Mr. Farrow asked me to prepare it.

Q. Did he say what gave rise— —A. I can only assume that the Acting Minister had taken the matter up with him and wanted some fuller report or something of that sort.

Q. Wanted a fuller report?—A. He asked me to prepare a full memorandum of the matter for him and I prepared that.

Q. So on the 20th April, 1925, you adhere exactly to the position you took on the 14th January, 1924.—A. Yes; there is a much fuller recital of the facts.

Q. Except you have amplified the facts?—A. Yes.

Q. And what happened after you sent in that memorandum?—A. I did not hear anything more of it until later, presumably sometime shortly before the case was actually decided, when the Deputy spoke to me and he told me that further representations had been made. There is no further written evidence on the files, you will notice, but further representations had been made. I do not know whether they were made to him direct or to the Acting Minister, but they were complaining that Menard had suffered too heavily by the penalties which it was proposed to impose.

Q. In order to get it clear about Menard; I understand he happened to be with the car that was seized, that was in the possession of Cabana?—A. One car was in the possession.

Q. I am talking about the Mercure car; it was in the possession of Mercure?—A. Yes.

Q. That is the car that we are, at present, talking about?—A. Yes.

Q. And when it was seized, Mercure said that he had bought it from Cabana?—A. Yes.

Q. That is clear, because that information is contained in form K-9, and is referred to in the reports. Now, subsequently, this affidavit was filed by Menard, in which he said that it was his car and not Mercure's car?—A. Yes.

Q. So there was a conflict there between Menard's affidavit, at that time, and Mercure's statement at the time that the car was seized?—A. Yes. You cannot very well speak about one without speaking about the other. The view we took in the Department was that Menard was the man who suffered; he had to stand behind Mercure's sale to Cabana; he just happened to be in the car.

Q. In order to be perfectly fair, I propose to go into the Cabana case, after this one. I do not see how we can keep them separate?—A. Why not bring in the Cabana case up to the same point?

Hon. Mr. STEVENS: Why not read from the report?

Mr. TIGHE: I think that would be the proper thing to do.

The CHAIRMAN: Do anything you like, Mr. Tighe, we will stand by you.

By Mr. Tighe:

Q. As I understand it, there were subsequent reports made, which you say were of a verbal nature?—A. I believe so, yes.

Q. Those reports were not made to you?—A. Not to me, no.

Q. So far as you are concerned, the evidence before you was exactly the same when you made your final report as when you made your first two reports?—A. Except Mr. Farrow communicated to me what had been communicated to him.

Q. What did Mr. Farrow communicate to you, Mr. Blair, in consequence of which you made this new report?—A. Whoever had been speaking to him, whatever was the source of the representations made, they were stressing this fact, that Menard was a very heavy sufferer by reason of the two seizures. While he knew, when he got these cars, the duty had not been paid, he was, nevertheless, whatever his reason may have been, tendering duty on the cars when some other officer stepped in and seized them. And Mr. Farrow thought perhaps, after all—you can see what I have said about the innocent purchaser—it might have been fair, knowing the lapse of time that took place, in any event, to have allowed the release of both cars upon the payment of duty and expenses. That was a year after they were seized, and there would be the depreciation in the cars.

By Hon. Mr. Stevens:

Q. Has that reference to single or double duty?—A. Single duty. There was no penalty except suffering the loss of the car. Representations were made on behalf of Menard that he had received no notice of the first seizure, or the decision rendered in what is known as the Cabana case. He went to Cabana, from whom the car had been seized; he did not go to Menard. The representation made by Menard was that had he known of the circumstances, he would have taken a release of the car; he would have paid the double duty at that time.

By the Chairman:

Q. The car was a complete loss to him?—A. Yes, the car was a complete loss to him. This was two years after the car had been seized, so he lost the one car completely, and the value of the duty on the other car, which was $1,950, at the time of the seizure of Mercure's sedan. There was a depreciation of 45 per cent, bringing the duty value down to $935. He also lost the use of the car for two years.

By Hon. Mr. Stevens:

Q. I suppose you almost figured you owed him something?—A. We got a less sum for the sale of the one car than the duty would have amounted to on the two cars; at the date of disposition.

Q. In this Mercure case, the revenue to the country profited?—A. It was released to him absolutely on the payment of duty.

Q. By paying the duty or excise?—A. We having sold this car for $1,075.

The CHAIRMAN: Mr. Tighe, will you finish reading the report.

Mr. TIGHE: I will read from report K-9. The report is headed "Deputy Minister of Customs and Excise." This is with reference to a seizure from O. Mercure.

> "This is a seizure from O. Mercure, Granby, Quebec, of one five-passenger Hudson sedan automobile, for having been smuggled into Canada. The duty paid value of the car is reported as $3,000 and it has not been released. Customs officers at Abercorn and Highwater received information that an organization operating in Montreal was distributing smuggled cars through an agent at Granby, Quebec, that one of these smuggled cars was in the possession of O. Mercure, Granby. On October 18th the officers investigated and found a Hudson car in Mr. Mercure's possession which he claimed to have purchased from Mr. H. L. Cabana, who, at the time of purchase, promised to pay the Customs duty at once. The officers placed the car under seizure. It is submitted that in view of the evidence in the file, it would have been a proper disposition of the two matters to have accepted deposits equal to duty and expenses, and since the one car has been sold and lost entirely to the owners, it would now be proper to release the car covered by this seizure.
>
> I would recommend that the automobile be released without expenses, to remain in Canada.
>
> (Signed) R. R. FARROW,
> *Deputy Minister.*
>
> Decision of Minister of Customs and Excise in the foregoing matter is in the terms of the above recommendation.
>
> (Signed) G. H. BOIVIN,
> *Minister of Customs and Excise.*
>
> 28/9-25 C.P.B."

By Mr. Tighe:

Q. That is your signature, and the date of the drafting of the report?—A. Yes, the 28th of September, 1925.

Q. Before I started to read this report, I understood from you that the sympathy of the Department was evoked in consequence of Mr. Menard not getting notice of seizure of the car?—A. That is one thing mentioned.

Q. That was the main thing, I take it, because, if he had had notice he would have done something to protect himself?—A. Yes.

Q. If his story of innocence were true?—A. Yes. He was also stressing the fact that a loss had occurred through delay.

Q. Notice was sent to Cabana?—A. Yes, notice was sent to Cabana.

Q. You know, do you not, that Cabana and Menard lived in the same town, Granby, Quebec?—A. I am not sure of that.

Q. The file showed that they both lived in the same town?—A. They know each other, anyway.

Q. And were very good friends?—A. I do not know.

Q. You do know that they knew each other?—A. I know they knew each other, because Cabana was in one of the cars.

Q. If these two people knew each other, and if Menard's car was seized when in the possession of Cabana, and Cahana got notice, do not you think he would be likely to go to Menard, and tell him this?—A. Of course, it would be only a matter of opinion.

By the Chairman:

Q. You have the affidavit. The officer of the Department decided upon the document produced and written by the Department. (No answer).

Mr. TIGHE: I was going to come to that in regard to the Cabana seizure. The affidavit shows the address to be the same place.

By Mr. Tighe:

Q. It was not drawn to your attention at the time, was it, Mr. Blair, that these two people were friends and lived in the same town; and Cabana got notice?—A. I know Cabana got notice because we sent it.

Q. If you had the knowledge you would not have made such a recommendation? (No answer).

The CHAIRMAN: In law there is no friend; when you have to serve a paper on the parties concerned in the case, the paper has to be served.

Mr. TIGHE: I quite agree, as to the legality of the service. My object was to show that Menard must have had notice of the seizure.

The CHAIRMAN: When the Act states that a paper has to be served on a party concerned in a seizure, there is no friendship; if there are three, four, or five men, each has to be given notice.

By Mr. Tighe:

Q. Mr. Blair, in the second last paragraph the words at the end of the sentence are, "By this seizure," and are followed by typed words, subsequently crossed out, "Upon payment merely of expenses of seizure and keep." Those words are crossed out and initialled by Mr. Farrow?—A. Yes, that is a change that Mr. Farrow made on the recommendation that I prepared for him.

Q. Even at that date, and acting upon representations made by Mr. Farrow to you, you still recommend that the expenses of seizure and keep should be paid?—A. I think I must have misunderstood Mr. Farrow's instructions, and put that in when I should not have put it in. That is my view. He did not speak afterwards to me; he just crossed that out. I assume that I misunderstood his instructions.

Q. Was this report really Mr. Farrow's report that you were drafting?—A. Yes, it was prepared for him under his direction.

Q. It was not your report, in that sense?—A. Any more than I prepared it.

By the Chairman:

Q. You had discussed the matter with him?—A. Yes, I discussed it with him.

Q. You reached a decision; the decision was typewritten and sent to Mr. Farrow as your recommendation. (No answer).

Hon. Mr. STEVENS: That is not the evidence given by the witness, Mr. Chairman:

The CHAIRMAN: That is not the evidence, but it is commonsense.

Hon. Mr. STEVENS: I am inclined to think that a lot of this evidence was not commonsense.

By Mr. Tighe:

Q. I see, in the last paragraph, the following words were crossed out, "Upon payment of expenses of seizure and subsequent keep; and in default of such payment within thirty days that the automobile be and remain for-

feited and be dealt with accordingly." Those words were crossed out and initialled by Mr. Farrow?—A. Yes. I thought that is what you already referred to.

Q. There were two alterations?—A. Yes.

Q. And Mr. Farrow inserted, in ink, after the words, "I would recommend that the automobile be released,"—"Without expenses."?—A. Yes.

Q. Did you change your mind in view of your conversation with Mr. Farrow, as to what the report should then be?—A. Well, I thought there was a good deal in what Mr. Farrow said; and I still think, when viewing the matter as a penalty upon Menard, that he suffered heavily enough by those two seizures. Of course, the revenue did not benefit to the extent it would if the cars had been entered and the Customs duty paid when the cars were imported.

Q. In the reports you made did you treat the car as being Menard's or Mercure's car?—A. As I remember, it was treated as Mercure's car, but Menard was the one behind, who has to stand behind it, being the seller to Mercure.

Q. You treated it in that way?—A. Yes.

By Hon. Mr. Stevens:

Q. Now, Mr. Blair, the fact is that you have made three separate findings or recommendations in this case; that is correct, is it not? One of October, 1924; one of April, 1925; and one of September 28th, 1925?—A. Yes. The first being the original recommendation for decision; the second being a more extended memorandum for Mr. Cardin; and the third being the final recommendation.

Q. You say that this one was drawn under instructions from Mr. Farrow? —A. It was drawn after consulation with Mr. Farrow, and after I knew what his views were.

Q. This recommendation, at which I am now looking, is dated September 28th, 1925; does it represent your own view based upon evidence before you; or does it represent a view which you were instructed by Mr. Farrow to give expression to?—A. He did instruct me in this way, but I agreed with his view.

Q. Why did you change your view?—A. It was owing to the circumstances that two years had elapsed from the time the car was seized, and the car had depreciated to that extent.

Q. I will put a hypothetical question to you; we will say that there has been a seizure of goods; if the goods are kept long enough, a time will come when the department will be paying a royalty to the people from whom the goods were seized; if we are to follow out your reasoning?—A. Another view is that it would mean a total loss to the man whose goods were seized.

Q. You are not there to protect any persons who are smuggling or evading the Act?—A. We are there to see that proper penalties are imposed.

Q. In this case there was no revenue obtained, and a car was lost on which there was no duty paid; an American car brought into Canada, on which no duty was paid?—A. That is true. But in this case there were two cars imported by a man, one of which was sold.

Q. We will come to the other case, which will disclose that duty was paid and a penalty enforced against Cabana.—A. No, in the other case the car was forfeited and sold.

Q. Why was not the penalty enforced in this case?—A. As I mentioned, upon the signed decision.

Q. After the first decision signed by Mr. Bureau?—A. I do not know.

Q. You will admit that was a decided case?—A. No, I will not admit that was a decided case.

Q. Not when signed by Mr. Bureau?—A. You mean the Mercure case?

Q. Yes, the first case?—A. I never treat a case as decided by the Minister until he hands back his decision to the department.

Q. Is not it decided when he signs it?—A. I think he would have to issue it, besides signing it. He would have to sign the document and deliver it back to the department before it was his decision.

Q. Who held it up?—A. I do not know.

Q. Is it not absurd that a document like that would be held up for two years?—A. I think it ought to be decided more promptly.

Q. Two years afterwards, you come along with another finding, and, as I say, you released the car to this man Mercure in Granby, Quebec, on September 28th, 1925. If I rightly recall, I saw on the files some correspondence regarding it. We have not read it into the record here.

Mr. TIGHE: I will read that.

By Hon. Mr. Stevens:

Q. Which would indicate that the whole transaction was based upon pressure; is not that correct?—A. I did not see any pressure.

Q. Would not that be pressure, when Mr. Farrow told you to make this report?—A. No one saw me about it at all.

Q. That was a minister?—A. I suppose that must be so.

The CHAIRMAN: This is a decision recommended by you on the 28th of September, 1925, and by Mr. Farrow, the Deputy Minister, I see by his words, in the fifth paragraph:

> "It is submitted that in view of the evidence now on file—"

That word "now" is very important; that is, reconsideration, after more evidence is brought. Everybody is entitled to change his decision if he has received proper evidence.

> "It is submitted that in view of the evidence now on file, it would have been a proper disposition of the two matters to have accepted deposits equal to duty and expenses, and since the one car has been sold and lost entirely to the owners, it would now be proper to release the car covered by this seizure."

Anybody is entitled to change his decision or his opinion.

By Mr. Kennedy:

Q. What was the evidence, Mr. Blair?—A. It really should not be expressed in that way, as the evidence filed. Evidence is submitted in the form of verbal representations.

The CHAIRMAN: The whole thing is this: That after two years one man lost his car completely; there is no proof in the record that he ever received notice to comply with the decision rendered in the first seizure, taking into consideration the disposition of the car, the man having been prevented from having the use of it for two years.

By the Chairman:

Q. You think that those recommendations were based upon justice, without forgetting the rights of the country?—A. I think and I thought, as a result of the two procedures, that he was certainly penalized.

Hon. Mr. STEVENS: This is another case where the victim will have a claim against the Government.

The CHAIRMAN: Not at all. Justice is supposed to be blind, as is represented, but sometimes the scales work on the good side. For once I may say that Justice was not blind.

Hon. Mr. STEVENS: Maybe not, but it winked with one eye.

By Mr. Tighe:

Q.Mr. Blair, the result of that seizure was that the Government lost $1,726.20, which included the double duty, and that the Government itself had to pay the expenses of seizure, and the expenses of the keep of the car for two years?—A. Yes, the Government bore the expenses.

Q. That was the net result of it?—A. And the Government bore the cost of storage.

Q. So that the duty has never been paid on this car, even single duty, sales tax, or excise tax?—A. Except you regard it as paid through the disposition of the other car.

Q. But as it stands now, it has never been paid?—A. No, not in that way.

Q. Now, in connection with the other seizure, which you say is naturally dovetailed into this one, that is the seizure known as the Cabana seizure—that is the Cabana seizure?—A. Yes.

Q. It is file No. 113527, Department No. 32633, and port No. 42. The seizure of that car was made on the same date, October 18th, 1923, and you have before you the K-9?—A. That is right.

Q. And the recommendation in that K-9 was drafted by you?—A. Yes.

Q. The material part of the K-9 is that on the 18th of October, 1923, H. Mr. Clark seized an automobile described as one four-passenger Hudson coach, motor No. 156879, serial No. 41388, believed to be a 1923 model of an approximate value of $1,200; he says the automobile was in the possession of H. L. Cabana, Granby, Que., and to the best of his knowledge and belief it was his property, and the charge was for having an American automobile in his possession, duty not paid thereon. The report is dated 20th October, 1923. The decision in that matter was drafted by you on the 14th of January, 1924, Mr. Blair?—A. Yes.

Q. It reads as follows. (Reads):

"Report of Seizure of Customs

This is a seizure from Mr. H. L. Cabana, Granby, P.Q., of one Hudson coach automobile, for having been smuggled into Canada. The duty paid value of the car is reported to be $1,803, and it has not been released.

Customs officers at Abercorn and Highwater received information that an organization operating in Montreal was distributing smuggled cars through H. L. Cabana, Granby, P.Q. On October 18th, the officers investigated and found Cabana in possession of a Hudson coach. They report that Cabana on being questioned stated that the car was his own, and that he had brought the car into Canada himself, and paid the duty at Abercorn. As the officers had the numbers of the cars duty paid at Abercorn, they examined the car, and found that it was not the one on which duty had been paid at that port. Cabana then stated that he was mistaken, that it had been another car on which he had paid duty, and admitted that the one in question had been brought in by him through the port of Abercorn in the night.

The officers placed the car under seizure. Replying to notice of seizure, Mr. Cabana, in a letter to the Department claims that the car does not belong to him but to J. E. Menard. Menard also filed an affidavit, in which he claims to have purchased the car in question from Fred Baldwin in good faith on October 8th, and on the 18th he had gone to the Customs office at Granby to arrange for payment of duty if it had not been paid on the car, but before this could be arranged, Customs officers had arrived, and placed the car under seizure.

The affidavit is forwarded through the Collector of Customs, Abercorn, who in a covering letter states that, in an interview, Menard admitted

that he knew when he purchased the car that the duty was not paid on it. In a subsequent report, the Collector of Customs, Abercorn, reports that Cabana, Menard and another party who were in possession of smuggled cars which the officers were looking for, rushed three cars to the outport of Comins Mills, on October 25th, and paid duty on them.

The matter stands as follows:

Value for duty		$1,200
Duty	$ 420 00	
Sales Tax	81 00	
ExciseTax	102 00	
Penalty	420 00	
Total	$ 1,023 00	

I would recommend that the automobile be released on payment of $1,023, together with expenses of seizure, and subsequent keep, to be forfeited and in default of such payment within thirty days, that the automobile be and remain forfeited, and be dealt with accordingly.

R. R. FARROW,
Commissioner

The decision of the Minister of Customs in the foregoing matter, is in the terms of the above recommendation.

JACQUES BUREAU,
Minister of Customs,

28/10/24.
C.P.B/14/1/24."

Those are your initials, Mr. Blair?—A. Yes.

The CHAIRMAN: Read the balance of it, Mr. Tighe.

Mr. TIGHE: I have read it all, sir.

By Mr. Tighe:

Q. Mr. Blair, you will see there that Menard filed an affidavit claiming that he owned that car?—A. Yes.

Q. He did the same thing in connection with the Mercure car?—A. I do not know just how that was made.

Mr. KENNEDY: How long after did he file the affidavit?

Mr. TIGHE: That was done on the 20th of October, 1923, two days after the seizure.

By Mr. Tighe:

Q. So you see, Mr. Blair, that Menard knew all about the seizure of these two cars then?—A. He knew about the seizure of the two cars, yes.

By Hon. Mr. Stevens:

Q. Did you not say a while ago that Menard did not know about the seizure?—A. No, he did not know about the decision of the Minister, of the Minister's decision.

Q. Are these facts correct?—A. They are a precis of the evidence filed.

Q. But it is correct, there is nothing here to change any one of these recited facts?—A. No, except as I mentioned. There were no further affidavits filed.

Q. The facts remain the same to-day as when you made that report?—A. Yes. As I said before there were no further affidavits filed.

By Mr. Tighe:

Q. Mr. Blair, I want to call your attention to the facts which show the information you had about the man Menard, who claimed the sympathy of the Department. You will see in your report that you say that he and another party were in possession of smuggled cars, and that when the officers were looking for them, they rushed those cars to the port and paid duty on them on the 27th of October, which would be seven days afterwards. You had that information on the 14th of January, 1924?—A. Yes.

Q. So you see that Menard, on your own statement, was mixed up in the smuggling business?—A. He knew that the duty had not been paid on the cars he had bought. I think I ought to explain that it was a very common practice, that we endeavoured to stop afterwards, of our collectors allowing people to bring in cars for sale without reporting to the Customs, and if they got a sale they would report, but if not, the cars would go back. He had bought this car, and he knew the duty had not been paid on it, but we have since issued instructions not to pass a car unless the duty is paid on importation.

Q. The question I am asking you is that, as suggested by one of the Customs officials, Menard was put up as a blind behind Cabana, that Cabana was really the owner of all these cars, and that Menard came along and claimed ownership, after they were seized. Cabana was in the motor business, was he not? —A. We have had his name before the Department.

Q. He was known to the Department, as a well-known smuggler?—A. As a well-known dealer in smuggled cars.

By Hon. Mr. Stevens:

Q. Who was that?—A. Mr. Cabana.

By Mr. Tighe:

Q. Well, Cabana was in the motor business?—A. He was dealing in automobiles.

Q. And was a well-known smuggler of cars?—A. He was known as a well-known dealer in smuggled cars.

Q. Menard was not in the automobile business at all, was he?—A. I do not think so.

Q. He was the proprietor of a hotel in Granby; do you not know that?—A. I believe that is stated.

Q. That is stated in a letter from one of your own officials?—A. Yes.

Q. Did it not strike you as suspicious, that this hotel proprietor should come forward two or three days after the seizure, and claim to be the owner of these smuggled cars?—A. No; he explained that he was going to Montreal, and had instructions to buy some cars for his friends if he could buy them. That is in his affidavit.

Q. Did it not strike you as curious, when this care of Mercure's was seized, that he immediately made a statement that he had bought it from Cabana; there was no suggestion of having bought it from Menard at that time?—A. I do not think so.

Q. And when Cabana's car was seized, he did not suggest that it was Menard's car, at that time?—A. He did almost at once, afterwards.

Q. But not at the time of the seizure?—A. I do not know. It is not reported what he said.

Q. With these facts, and the fact that your own local representative in Abercorn suggested in a letter that his opinion was that Menard was put up to claim the ownership of these cars, it did not strike you as suspicious Menard's claims to ownership?—A. I think the evidence shows that Menard was the man who bought the cars in Montreal, and paid for them.

Q. It did not make you suspicious, in view of the statement of your Customs officials in Abercorn, and that neither Cabana nor Mercure suggested that Menard was the owner?—A. No, not at the time.

Q. And Mercure made a deliberate opposite statement, that he bought the car from Cabana?—A. Yes.

Q. Were you satisfied with that statement of Mercure, which was made on the spur of the moment, and was more likely to be true; were you well satisfied that Menard was really the owner of the car?—A. Yes. I was satisfied, from the evidence, that he was the man who would lose by the seizure.

By Hon. Mr. Stevens:

Q. The allegation is that he brought those cars in, and sold one to Mercure, and one to Cabana?—A. He went to Montreal, and bought the cars.

Q. And sold one to Mercure, and one to Cabana?—A. I do not know whether there was a sale to them or not. There was a sale to Mercure, that he had to stand behind, and I think Cabana said he was in the car, but not in the car as owner at the time it was seized. I do not think there is any claim that Cabana was the owner of the car; he was just in it at the time it was seized.

By Mr. Doucet:

Q. When the Mercure car was seized, Mercure said he had bought it from Cabana?—A. He made that statement.

Q. That was likely to be correct. He said he bought it from Cabana?—A. Yes.

By Hon. Mr. Stevens:

Q. What I cannot reconcile is, why you treated one in one way, and the other in another way; Cabana had one car, and Mercure another. Mercure gets his car back, and the other is sold. It is making fish of one and flesh of another, however you may explain?—A. It is only explained by reason of the consideration that the one man was affected by both seizures.

Q. It is explained by the fact that you got instructions to make that report, is that not the whole matter?—A. I would not put it that way, Mr. Stevens. I believed it, in view of the way the matter was put to me.

Q. What was the statement?—A. Whatever was said about them, and whatever kind of men they were, they were as a matter of fact detained for duty at the time they were seized, and if we had made no seizures, there would have been no duty paid on the cars.

Q. But that does not add any information?—A. They were stressing that fact afterwards, to show that Mr. Farrow's first recommendation was too harsh; they stressed that fact; then there was the delay, Menard not getting notice.

By Mr. Doucet:

Q. If the decision was too harsh, and if they had really tendered their cars for duty, why should the Cabana car have been forfeited entirely?—A. It was not forfeited entirely. According to the decision, they were given the chance of getting it upon payment of double duty. But they did not take it, and it was forfeited.

Q. The penalty was double duty, and excise tax, which they did not pay?—A. Yes.

Q. If your argument is correct, the position was that the decision was harsh in the first place, and secondly, that they had tendered their cars for payment of duty?—A. I do not think the decision was harsh, if it had been acted upon at the time it was made. That first report was made on the 14th of January, 1924. If it had gone through as a decision then, and been decided, Menard would have been better off than he is to-day.

By Mr. Stevens:

Q. Don't you see the absurdity of that? Menard would have been better off than he is to-day. All any person has to do then, according to your statement, who has any goods seized from them, is to just rest on their oars, and then come back and whine later on, and everything is adjusted, and they go scot free; that is virtually the logical result of your reasoning?—A. Well, I do not—

Q. The facts are the same to-day as they were then; the only thing is that the government has had the cost of storage in the meantime. One man was penalized to the fullest extent and the other man goes stark free, and you pay the expense of the seizure and keep on his car, and both are identical cases.

The CHAIRMAN: The Minister tried to give justice, taking certain things into consideration. It is a matter of discretion. According to the Act the Minister has certain discretions like a judge. He always accepts recommendations to the Minister; some times he may reverse them, or may have compassion, take certain things into consideration.

Mr. DOUCET: Is that a summary of the case from your standpoint, Mr. Chairman?

The CHAIRMAN: No, it is what happened.

By Mr. Kennedy:

Q. What evidence was there that Menard was interested in both cars?—A. His own.

Q. Just his affidavit?—A. His own affidavit. It is a joint affidavit, Mercure and Menard.

Mr. TIGHE: It is a joint affidavit by Menard. The expression is "endorsed by Mercure" in his affidavit which was made on the 20th October, 1923. He says: "that the said transaction was made subject by the purchaser to the customs fees, if they were not paid, the said Mercure and Frere having all the responsibility for the future."

By Mr. Tighe:

Q. Well, that would show that Menard had pretty strong suspicions at that time, even if the other facts in his affidavit were true, that that was a smuggled car?—A. He knew it was a car on which the duty had not been paid; yes, that is equivalent to being a smuggled car.

Q. That is on the 8th October?—A. He knew that when he bought the car in Montreal, he knew that; he was told that.

Q. And then he waited until 18th October. What is the date of his purchase?—A. I do not know.

Q. 8th October, 1923, was the date of purchase?—A. It is ten days later, I presume.

Q. And it was ten days later when the car was caught. And it did not strike you as suspicious that Menard and two others, Cabana and somebody else, went along to enter three other cars; you had that information at the time?—A. Oh yes, it was treated as a suspicious case.

Q. Yes, but this was a third car in addition to these two cars. You see there were three others cars which were entered on the 24th October?—A. Yes.

Q. By Menard and Cabana and another party, and the advices you had from your representatives in Abercorn were that these were smuggled cars, and it was their opinion that they only went to enter these first two cars on the 18th October, because they heard the customs officials were after them?—A. That is stated, yes.

Q. And that they had entered these other three cars on the 25th October?—A. Probably the same reason.

Q. To avoid having them seized. And you say Menard and Cabana were associated in that subsequent registration for entry on the 25th October?—A. On the 25th October. Well, that is the one you are speaking of.

The CHAIRMAN: Yes, seven days after the first seizure when there were three other cars entered.

The WITNESS: I do not recollect that, what ever is stated there.

Mr. TIGHE: That is what it states.

By Mr. Tighe:

Q. Now, in your first report, in January, 1924, you referred to that. You say that your opinion at that time was that Menard and others rushed these cars and paid the duties on the 25th October?—A. Yes, Menard and others.

Q. And you say that the sympathy of the department was evoked in favour of Mr. Menard on account of this other car, and you refer to the Cabana car. That car, as a matter of fact, subsequently turned out to be a stolen car?—A. Yes, a long while afterwards a claim was made for it being stolen. If he had paid the duty then he would not have lost the car for that purpose.

Q. But it subsequently turned out that was a stolen car?—A. There was a claim put in it was stolen.

Q. And you were satisfied it was a stolen car?—A. Yes, we were satisfied; it was accurately described, but, of course, we could not do anything because the car was not in our possession then.

Q. Then, as I understand it, you base your whole position on the fact that Menard was an innocent purchaser?—A. No, I have never said that.

Q. What do you base it on, Mr. Blair?—A. That he had suffered sufficiently for the offence. I do not say he was an innocent purchaser; that is denied time and time again.

Q. You say, then, he knew that these two cars had been smuggled?—A. He knew the duty had not been paid, that is the equivalent—

Q. And no prudent man would deal with cars on which the duties had not been paid?—A. They were doing it all the time believing it would be all right if they proceeded afterwards and paid the duty.

Q. And you had reports from your customs officers in Abercorn that this was a part of a large smuggling business being carried on there. I will just draw your attention to a letter of Mr. Fyles from Abercorn dated 22nd October, 1923.—A. That is the customs officer?

Mr. TIGHE: That is the customs officer there. (Reads):

> "Referring to the above seizures, officer W. E. Dow of this port received information that an organization operating in Montreal were scattering smuggled automobiles throughout the country, placing them in the hands of agents in the larger towns, that (H.L.) or H. T. Cabana, of Granby, Quebec, was their agent in that district, that there were several cars in and around Granby on which duty had not been paid. With the assistance of one officer from Highwater and two Granby officers he seized these three cars, and the Highwater officer seized a Hudson coach."

And then at the end of his letter he says:

> "Mr. Cabana has a very unsavoury reputation and no doubt you have heard of him before, he is known by Mr. Inspector J. D. Parmelee as the 'King Bee' of the automobile smugglers in the township. He is a mighty sleek operator and will undertake to outgeneral the department in this instance."

By Mr. Tighe:

Q. Now, did that not make you suspicious as to the claim of Menard afterwards to the ownership of these cars?—A. No, I believe Menard was the owner of the cars; that is not disproven at all.

Mr. TIGHE: Listen to this subsequent letter of Mr. Fyles dated 23rd October, 1923. He says:

> "I have seen and talked with Mr. Menard and he knew that the duty was not paid, and was told so by Mr. Legare before he bought them; he acknowledges this but did he buy them? I think not, who is Fred Baldwin? I do not find him in the Montreal telephone directory, I think Cabana bought these cars, Menard might have been with him at the time, as he tells of the conversation with Legare who warned him that they were smuggled cars, and that the duty had not been paid, Cabana is using Menard because the latter has some political influence, that is my opinion as I was warned that that would be procedure to get cars back."

By Mr. Tighe:

Q. Now, in that report your own official addressed your office to the effect that he was satisfied that Cabana was the owner of that car and that Menard was only put up because he had some influence?—A. Yes.

Q. And in your report you state, what he states there, that in your opinion this man Baldwin is a fictitious person?—A. I do not think I express any opinion about it, do I?

Q. I think so, in one of the reports.

Hon. Mr. STEVENS: Yes, he went into it.

WITNESS: It is referred to there.

By Mr. Tighe:

Q. In one of your reports, Mr. Fyles says that he does not believe his story, that he believes Cabana was the owner of the car, and Menard was merely put up because he had some influence?—A. You have read the letter.

Q. I have read an extract from the letter; would you like to see the letter?—A. No, no, it is all right.

The CHAIRMAN: Have not we got all the facts there, Mr. Tighe?

Mr. TIGHE: I think that covers it, Mr. Chairman.

By Mr. Tighe:

Q. One other thing; there is an affidavit by Mr. Clark, Customs Examiner, and by Mr. Dow, Customs Examiner, which I should like to read into the record:

> "November 20th, 1923.
>
> We, Harvey Clark and W. E. Dow, Customs and Excise Examiners, do solemnly declare:
>
> That on the 18th of October last, we were in the City of Granby, Quebec, and saw a Hudson coach at the curb, H. L. Cabana of Granby, Quebec, was about to drive away in it; we asked Mr. Cabana if he owned the car, he answered, 'Yes.' We asked him if the duty had been paid on it; he replied that he brought the car in himself and paid the duty on it at Abercorn. We then examined the car and, having the numbers of the cars duty paid at the port of Abercorn, found this was not one of them; he then stated that he was mistaken, that it was another car that he had paid the duty on, that this one was brought through the port of Abercorn in the night.

The Hudson sedan, we found in the possession of a Mr. Mercure of Granby, Quebec, who stated that he had purchased the car from Cabana for $1,500, with the understanding that Cabana was to pay the duty on it immediately; this, Mr. Cabana, had failed to do; therefore the two cars were seized by us.

J. Alfred Menard of the City of Granby, Quebec, was not known in, nor did he enter in the transaction whatever, and we firmly believe that as an afterthought, Mr. Cabana has connived with Mr. Menard to deceive the Department of Customs and Excise by claiming ownership of these cars mentioned in this declaration.

And we make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

(Signed) W. E. Dow, C.E.E.

H. M. Clark, C.E.E.

Declared before me at the port of Abercorn, Quebec this 20th day of November, 1923.

(Signed) F. F. Fyles,
Collector of Customs and Excise."

Q. In the fact of that affidavit made by two Customs Officers, Mr. Dow and Mr. Clark, you believed Mr. Menard's statement in preference to theirs, Mr. Blair?—A. Well, these people were telling all sorts of stories about these cars. The fact remains that Menard did go to Montreal—which you can not get away from—to get the cars, and he brought them from Montreal.

Q. I see that the letter says that Menard did this for Cabana?—A. It does not follow that he bought the cars.

By Mr. Doucet:

Q. What evidence have you that Menard actually bought the cars in Montreal?—A. Just his own affidavit.

Q. Throughout both files, the only evidence you had that Menard actually owned the cars was as gathered from his own affidavit?—A. Well, his own affidavit; and Cabana says that he owned the cars; that is not worth very much.

Q. Cabana's first declaration was that he owned the car himself; Mercure's first declaration was that he bought the car from Cabana. Your two officers solemnly made an affidavit to the effect that they believed Cabana owned the cars and Menard was brought in as a blind. You had all those facts to compare with the facts submitted by Menard; and still you seemed to have the idea that Menard was the owner of those two cars?—A. That was my impression.

By Mr. Kennedy:

Q. When Menard brought those cars to Montreal, knowing the duty had not been paid, would not that be the proper place to arrange to pay the duty?—A. Yes, I should think so.

Q. That is what should have been done?—A. I really think these men went to out-of-the-way places thinking that they could pass the cars at a lower valuation. That is my view of it. The cars should have been entered at Montreal, when it was there.

Q. Two years elapsed the time the car was seized and when the case was disposed of, during which time there was no effort made to check up the statements made in the affidavit regarding the ownership of the cars?—A. These files left the Customs Department and were in the Minister's office all the time; they were not active at all.

The CHAIRMAN: There is a motion moved by Mr. Stevens that a precis be made and attached to file No. 37956/6594; for the consideration of the Committee.

Will you prepare that precis for this file?

Hon. Mr. STEVENS: I have asked that it be added to the file.

By the Chairman:

Q. Mr. Blair, while you are here, I would like to put a few questions with regard to another matter. There is a blank, or form, relating to seizures made in connection with the Customs Department, one of which is filed as exhibit 16. It is the ordinary form K-9. Will you tell me about the date when this form was decided upon and accepted by the Department of Customs and Excise?—A. Ever since I have been there, and for a great many years before.

Q. How long have you been in the service?—A. Since 1909.

Q. And in the report of seizures, before the decision is signed by the Minister, at the bottom of the third sheet, the following words appear:

> "The decision of the Minister of Customs and Excise in the foregoing matter is in the terms of the above recommendation."

—A. Yes.

Q. And if the Acting Minister signs in the absence of the Minister, he signs as "Acting Minister of Customs and Excise?"—A. Yes.

Q. This form was used in the Department when you were appointed in 1909?—A. Yes, I have seen old forms which dated back for a great many years.

Q. For about how many years?—A. Back as far as I have had occasion to go; I have been away back to 1900. The words have been changed but the form is the same.

By Mr. Doucet:

Q. When the form is signed by the Minister, with a rubber stamp, it does not then connect the Acting Minister, or does it connect anybody? You have noticed the Form K-9 reports signed with a rubber stamp?—A. Yes, with Mr. Ide's initials.

Q. Does that show that the Minister himself coincided with that view?—A. I do not know just what instructions passed between the Minister and his Secretary about that; at the time the Secretary is told to do it.

Q. We can take it that he is acting on behalf of the Minister?—A. Yes, that he has been told to do it.

Witness retired.

The Committee adjourned until 3.30 p.m.

AFTERNOON SITTING

The Committee resumed at 3.30 p.m., the Chairman, Mr. Mercier, presiding.

G. W. TAYLOR recalled.

By Mr. Tighe:

Q. Mr. Taylor, in connection with the J. E. Belisle matter, you have the departmental file there?—A. Yes.

Q. You have some information further than what is contained in the precis of the Mounted Police file?—A. I believe so, yes.

Q. Would you kindly give us that?—A. Do you wish me to read the precis which I have prepared?

Q. How long is it, about two or three pages?—A. About two pages.

Mr. TIGHE: I think it would be better to have Mr. Taylor read it.

The CHAIRMAN: I think so. Then if you have any questions to put in to complete it, you can do so.

By Mr. Tighe:

Q. Will you read it, Mr. Taylor?—A. This precis is taken from departmental file No. 107118.

By Hon. Mr. Stevens:

Q. Referring to what, please?—A. Referring to the Health Pharmacy Products Company, of which J. O. Belisle is recorded as the proprietor.

Q. J. O.?—A. J. O. I might say in this connection that I am getting the bond under which the spirits were eventually removed from Quebec to Montreal. signed by Belisle, sent to the department this afternoon from Montreal, as it was in the possession of Mr. Dugas who was our solicitor in the case against Belisle.

By Mr. Tighe:

Q. Are you sure it is J. O. Belisle?—A. J. O. Belisle.

Q. Because in a letter from the department to the Canadian Mounted Police he is described as Joseph E. Belisle?—A. As a matter of fact we have a record here of J. O. Belisle, W. E. Belisle, and an alias of J. E. Bernier.

Q. He is referred to here in this file as Joseph E. Belisle, alias Bernier?—A. J. E. Bernier, yes sir.

Mr. TIGHE: Go on with that precis, please.

The WITNESS:

"File 107118.

During fiscal year ended 31st March, 1922, Health Pharmacy Products Company, Quebec was licensed as bonded manufacturers, one J. O. Belisle being recorded as the proprietor.

Application for removal of license for 1922-23 was made 5th May, 1923, in order to use a stock of 60 barrels of spirits on hand, by W. E. Belisle as proprietor of the Health Products Company.

The applicants were unable to secure renewal of permit from Quebec Liquor Commission, consequently license was not renewed, and the stock of spirits was removed at the beginning of the fiscal year from the factory to the Customs Examining Warehouse for safe keeping.

During the month of August following, the Company made application for authority to export the spirits professing inability to effect sale to a bonded manufacturer. Exportation was not authorized, because satisfactory Export Bond not produced.

October 26th, 1922, Department enquired from Collector Quebec, whether purchaser had been secured. If so how alcohol has been disposed of.

Collector replied 31st October stating alcohol still stored in Examining Warehouse, no purchaser having been found.

November 7. Department instructed Collector call upon Company to take energetic steps to dispose of the goods.

November 8. Company through letter signed J. A. Bernier enquired whether permission could be granted to manufacture alcohol into Specially Denatured Alcohol, Grade No. 1-F for disposal to permit holders.

November 10. Company advised no authority to permit this as alcohol could only be sold in bond to licensed bonded manufacturers or distillers.

November 16. Department advised negotiations in progress by company to sell alcohol to Montreal Products Company for denaturing purposes and for subsequent delivery to permit-holders.

November 22. Department issued instructions to Collector Quebec, defining conditions under which alcohol might be released for removal in bond to the Montreal Products Co. Limited, Montreal, and instructing him to determine amount of deficiency.

November 29. Collector Quebec advised Department amount of deficiency 58.06 proof gallons, which was ascertained when alcohol was removed from company's premises, at beginning of April, to Examining Warehouse.

December 4. Department made demand on Company for payment of duty of $522.54 on deficiency found while alcohol was in warehouse.

January 25, 1923. No reply having been received from the company, Department made demand for immediate payment and advised that otherwise steps would be taken for sale of goods.

February 10. No reply received from Company which was further advised that if payment not promptly made claim would be filed with Guarantee Company.

February 22. Instructions issued to Collectors, Quebec, Montreal and Toronto to call for tenders for purchase of alcohol.

February 22. Letter from Collector, Montreal, advising that attempts to locate company at address from which correspondence had been issued unsuccessful.

March 16. Letter from company stating immediate steps being taken to sell to purchasers as permitted by Excise Act, and to pay amount of Department's claim.

March 17. Collectors, Toronto, Montreal and Quebec instructed withhold further action re sale alcohol by tender.

March 21. Collector Quebec advised receipt of $522.54 in payment of the deficiency.

March 24. Collector at Quebec given instructions as to course to be followed and informed that if any further deficiency on alcohol arose while stored in Examining Warehouse it would be necessary to secure authority of an Order in Council to pass a Free Entry for same.

October 25, 1923. Collector advises 60 barrels alcohol removed in bond to Murray Chemical Company, bonded manufacturers, Montreal, and that a deficiency on removal in bond of 59.50 proof gallons arose, during removal, due to the fact that one barrel, upon arrival at Montreal, was found to contain 3 gallons only.

October 30. Collector Quebec advised that responsibility for loss was a matter to be settled between the carriers and shippers, as alcohol represented by deficiency is presumed to have gone into consumption, and duty must be paid thereon. Collector instructed to make demand on Health Pharmacy Products Company for $535.50 representing duty on deficiency.

December 5. Letter from Collector, Quebec, advising that duty not paid and no reply from Company to demands made.

During months of November, December, January, February, and subsequently, correspondence with Messrs. Jacobs and Phillips, Barristers, acting on behalf of the Company, contesting the Department's claim.

February 14, 1924. Matter placed in hands of Maurice Dugas, Barrister, Montreal, to take action against the Company for amount Department's claim under removal bond.

During months December, January and February, renewed attempts by our officers and R.C.M.P. to locate Belisle, alias Bernier, unsuccessful.

June 20, 1924. Our solicitor advises that judgment was obtained on the 17th against Company for amount of our claim and that he will proceed to execution as soon as the delay has expired, but was unable to locate the defendant.

June 29, 1925. As judgment not satisfied through inability locate defendant, Department instructed Collector, Montreal, who had placed 40 of the 60 barrels alcohol in Customs Examining Warehouse for safe keeping, and for protection of the Department's claim, to call for written tenders from licensed bonded manufacturers, for purchase of same. Tenders were called for from Laurentian Laboratories, Limited; Lyman's Limited; Lion Vinegar Company Limited; Laporte, Martin, Ltee; Casgrain and Charbonneau Ltee; Laboratoire Nadeau; Distillers Corporation, Limited, and Dominion Distillery Products Company, Limited. The only tender received was from the Lion Vinegar Company Ltd. offering 35 cents per proof gallon for 40 barrels, the remaining 20 barrels having been transferred by the Murray Chemical to the Imperial Export Company.

August 8, 1925. Department advised Collector Montreal tender Lion Vinegar Company for 35 cents per proof gallon 40 barrels alcohol accepted, instructing that proceeds of sale were to be accounted for as follows:

$535.50 Excise Duty deficiency on removal in bond.

$128.30 as refund of expenditure on account of Solicitor (Mr. Dugas fees) balance to be accounted as sundry collections Casual Revenue.

August 14. Entry No. 8151 Montreal, passed for $535.50, accounting for duty on Alcohol.

August 19. Letter from Collector, Montreal, enclosing draft for $128.30 in payment of solicitor's fees.

August 19. D-11 Entry received for $39.28 as sundry collections."

By Mr. Tighe:

Q. Before judgment could have been obtained against the Health Pharmacy Products, Mr. Belisle, as the company, would have had to be personally served, would he not?—A. I believe so.

Q. Was there any effort made to find out where Mr. Belisle was in order to effect personal service, before judgment was obtained?—A. This matter would be dealt with by our solicitor in Montreal, but there is correspondence on file, although I did not state it in the precis, which says that he was sent as bailiff, on various occasions, to serve Belisle, but was unable to locate him.

Q. He must eventually have been served, before they could obtain judgment? —A. I believe not; unless they acted ex parte.

By the Chairman:

Q. You had judgment?—A. Yes.

Q. And a judgment is good for thirty years?—A. Yes.

By Mr. Tighe:

Q. In connection with the judgment, was there any bond in the matter, by a bonding company, before delivery was made?—A. There was a personal bond given by the consignor. There is a blank form, and I will produce it to the Committee to-morrow, if you so desire.

Q. There was a bonding company?—A. Yes, the Health Pharmacy Products, as bonded manufacturers, were bonded with the Railway Passengers' Assurance Company, under bond No. 340109.

Q. Under the terms of that bond, would the bonding company have been liable for this deficiency of 59½ gallons?—A. Yes. If we had not been able to collect from the licensees, under the bond, which they gave for the removal of the spirits or alcohol, the bonding company would be liable.

Q. And why have the bonding company not been proceeded against?—A. Because we recovered the same dues from the alcohol owned by the licensees, on the sale.

Q. That is, out of the sale, you recovered sufficient to protect yourselves? —A. The whole amount, plus our legal expenses, and a small margin in addition, $39 and some cents.

Q. Do you call them bonded licensees?—A. Bonded manufacturers.

Q. Did you obtain any particulars as to their existence, as to their carrying on business before issuing or making that bond?—A. Yes.

Q. What particulars have you in reference to the Health Pharmacy Products, as to who were the members of the firm, and where they carried on business?— A. As far as location of the premises under license is concerned, we require them, before issuing the license, to furnish us with plans and a description of the premises, vessels and utensils; also with the name of the president or proprietor of the company.

Q. You have not got that information there, have you?—A. No. I will get that information from Mr. Dugas.

Q. You will get that information?—A. I believe so.

Witness retired.

CHARLES P. BLAIR recalled.

Mr. TIGHE: Mr. Chairman, this is with reference to the seizure of the boat "Jeanne D'Arc", and dealing with the practice of the Department regarding the three mile limit. It is file No. 113283, and the departmental number is 32485; report No. 4383.

By Mr. Tighe:

Q. Mr. Blair, this is the K-9 in connection with the Jeanne D'Arc seizure? —A. Yes.

Q. And the main particulars of the seizure are as follows: On the 19th of September, 1923, Alfred LaCouvee seized 183 packages of liquor, one clock, and one box containing one dozen talcum powder and perfume; on the ground that they had been smuggled into Canada in variation of section 206 of the Customs Act.

The decision of the Minister was as follows:

> "This is a seizure from Mr. Placide R. Richard and William Babaneau, Moncton, N.B., of liquor, etc., for having been smuggled into Canada. The duty paid value of the goods is reported to be $4,020, and they have not been released.
>
> The goods which are the subject of this seizure were on board the motor-boat Jeanne D'Arc, which is reported under seizure 32485/4383, and were placed under seizure by officers of the Preventive Service on September 19th, 1923.

Replying to notice of seizure, Babaneau, under a declaration filed with the Department, claims that at the time of seizure the Jeanne D'Arc was five miles from land off the East point of Prince Edward Island, and that as no liquor had been landed in Canada, the seizing officer was asked for a report as to the exact distance the Jeanne D'Arc was from land at the time of seizure, and he reports that the distance would be approximately 5,777 yards, which is 297 yards outside the three mile limit.

The boat had clearance from St. Pierre for Nassau, but the master states that the goods were to be landed in New Brunswick.

At the time of seizure, the boat was not within three miles of land and on that account, the seizure can not be upheld.

I would recommend that the goods be returned conditional upon payment of duty thereon, or exportation from Canada under Customs supervision.

(Signed) R. R. FARROW,
Commissioner of Customs and Excise."

Decision of Minister of Customs and Excise in the foregoing matter is in the terms of the above recommendation.

(Signed) JACQUES BUREAU,
Minister of Customs and Excise.

25/6/24 C.P.B.
13/6/24."

A. (Handing file to Mr. Tighe) That is the corresponding seizure of the vessel.

Q. As I understand it, Mr. Blair, that seizure was really based on section 210 of the Customs Act?—A. You are speaking of the seizure of the liquor?

Q. Yes, the seizure of the liquor.—A. It is section 206, is it not?

Q. It says section 206. The seizure of the boat; departmental file No. 32485/4383; and file No. 113283. This was under section 210 of the Act.

The CHAIRMAN: The first seizure you have read; you said 180 packages of liquor; did you mention the clock? There is one clock mentioned.

By the Chairman:

Q. Did you see any liquor in the clock?—A. No.

Q. They call them "Grandfather clocks," and they can put a case of liquor in the clock?—A. There were some little bits of goods aside from the liquor which was seized at the time; if the liquor was subject to seizure, the clock was subject to seizure. It was not seized because it was liquor, but because it was smuggled into Canada.

By Mr. Tighe:

Q. The seizure was under section 210 of the Act?—A. No.

Q. What section of the Act would it be? You stated in your report that the seizure was really based upon the ground that it was outside the three-mile limit?—A. Yes.

Q. And in determining what the three-mile limit was, you took three land miles?—A. Yes, three statutory miles.

Q. Three statutory land miles?—A. The distance is stated as "Over three statutory miles," not three nautical miles.

Q. So if the three mile limit was three marine miles, then the liquor would have been properly seized?—A. No, I do not admit that. That seizure could be made with just cause within the limit of three marine miles, if "league" means "marine" miles. In this case there was no cause whatever to make the seizure.

The CHAIRMAN: The distance has been calculated in yards, and it is stated to be 297 yards outside the three mile limit.

By Mr. Tighe:

Q. What I want to get at is this; the practice of the department is to treat the three mile limit as being three land miles?—A. I never saw a case before in which it was necessary to decide that point; that is, where the margin was so close we had to decide if it was three statutory miles.

Q. That is the only instance you remember?—A. That is the only one I fancy has ever occurred; I never heard of one before or since.

Q. You know that "three mile limit" means the three mile limit as understood under international law?—A. I know my view is that it is three statutory miles. If you wish, I will explain why that is my view.

Q. We will keep to the Customs Act for a moment.

The CHAIRMAN: You had better let him finish the explanation.

WITNESS: I cannot leave the Customs Act out of it because it is a seizure under the Customs Act. There is a Dominion Statute known as the Weights and Measures Act, which lays down the standards of measurement, and my view was that wherever any Federal statute mentioned miles, or any measurement that is mentioned in the Act, it means statutory miles, unless otherwise described. That is my reason. I think that view is supported by the Act. If you will look at section 15 of the Customs Act, which reads as follows:

> "The collector or proper officer of any Canadian seaport may cause any vessel, bound for such seaport from any port out of Canada, to be boarded by an officer, detailed by him for such service, at any place within three marine miles of the anchorage ground—"

I mean nothing but statutory miles; I think they say so.

By Mr. Tighe:

Q. Well, under Section 206 they use the word "league"?—A. No, not under Section 206, under 210.

Q. In Section 207, they use the words "hovering within one league"?—A. The word "league" is not in the Statute, but a league is three miles.

Q. But a league is treated and commonly understood as three nautical miles, is it not?—A. A league is treated in the dictionary as being either nautical or land miles.

Q. But is it not defined as being three geographical miles?—A. What do you mean by three geographical miles?

Q. The almanac gives the definition as nautical miles? The general practice of the Department is to treat it as three land miles instead of three nautical miles?—A. It was done in this case.

Q. And three miles are taken as three nautical miles?—A. Yes.

Q. And of course, under international law, the three mile limit means three nautical miles; there is no doubt about that?—A. I do not say that my opinion upon it is right. I am just saying that that is my opinion. I think if a similar case arose again, I would get the opinion of some proper authority.

By the Chairman:

Q. What you are speaking of is the opinion prevailing in the Department? —A. Yes. I discussed that very point with the Hon. Mr. Bureau I think it was, who was the minister then, and it was his view that we would have to take it as statutory miles. He is a pretty good lawyer, while I am no authority at all on international law. If, however, you desire to discuss the merits of the

decision, I say there was no right to seize in this case, whether they were inside or outside the three mile limit.

By Mr. Tighe:

Q. The only object Mr. Calder had in view was, to disclose what the practice was in connection with the three mile limit?—A. That is what it was, in that case.

By Mr. Doucet:

Q. What fine was imposed upon the motor boat?—A. Both boat and cargo were released.

Q. On payment of what?—A. No payment at all.

Q. Was no payment made by the boat?—A. No. Both boat and cargo were released.

Mr. DOUCET: Have you the K-9 on the boat there, Mr. Tighe?

Mr. TIGHE: Yes, I have it here.

By Mr. Doucet:

Q. The release was first made upon deposit of $100?—A. That was returned. There was no penalty imposed.

Q. The seizure was made, September 19th, 1923?—A. Yes.

Q. And the release was made on December 19th, 1923, and the decision on the remittance of the deposit on July 2nd, 1924. The whole thing rested, Mr. Blair, on the fact that in calculating the distance from the shore to the spot where the boat was seized, it happened to be 297 yards outside of a three-land-miles limit?—A. Yes. That was the reason given for the decision.

Q. Well now, Mr. Blair, I must admit that I am somewhat ignorant of international law.

The CHAIRMAN: This is the place to learn, Mr. Doucet.

Mr. DOUCET: Yes, and I am learning something too.

By Mr. Doucet:

Q. In discussing the three mile limit, let us leave the smuggling business aside for the moment, and take foreign vessels, or American vessels hovering around our shores for the purpose of engaging in fishing; they are permitted to come just to the three mile limit, they may set their nets, trawls and gears up to three miles from the shore, may they not?—A. I do not know; I have never had any experience in the marine and fishery business.

Q. Well, I know, because I have had experience. The three mile limit in that case is three nautical miles, because the treaty signed followed international law. That being so, is it not rather peculiar that in one case you figured it out on nautical miles, and in the other case on land miles, for a short distance? —A. That may be, in the Marine and Fisheries. I am not familiar with that at all.

By the Chairman:

Q. There has been a lot of doubt about it?—A. Yes, there has been a lot of doubt. We have to consider the difference between a nautical mile and a land mile.

By Mr. Doucet:

Q. We have only to figure between what is commonly known as the marine mile and the land mile?—A. You can take my word for this, Mr. Doucet, that if a case of that kind arises again at some time, it will not be decided inside the Department; we will get an opinion from the Department of Justice, or some similar authority, as to what the proper distance is. I only wanted to point out that no wrong occurred in those decisions, even if the decisions were wrongly

based upon the three miles, because there was no right to seize the vessel and the cargo, if she had been within or without the three miles.

Q. Why not?—A. Because she was proceeding upon her voyage, and the master stated that the goods were to be landed at Pointe du Chene. We cannot seize the vessel because at some point it passes within three miles of the shore.

Q. I know that, but the master also produced a clearance from St. Pierre-Miquelon to Nassau?—A. He was on the high seas.

Q. He also admitted to the captain of the cruiser that his intentions were not to go to Nassau, but to land the liquor at Pointe du Chene, in New Brunswick?—A. Yes, and the place where they found him was on his proper course from St. Pierre-Miquelon to Pointe du Chene.

Q. As a matter of fact, they anticipated his movements, in the act of evading the Customs law?—A. Before any offense had been committed.

Q. Yes, before any offense had been committed?—A. And before they had any right to seize.

Q. But he frankly admitted that he intended to commit an offense?—A. I have no doubt he did. But you cannot seize a vessel because a man has some intention in his mind to commit an offense. I only he wish we could.

The CHAIRMAN: He could have landed the cargo at Pointe du Chene anyway.

Mr. DOUCET: But he was out of his course all together, to go to Nassau, and the captain admitted that he intended to land the cargo at Pointe du Chene?

WITNESS: I do not understand that it is intended to mean that. It is just a rover's clearance; he is going to go where he pleases.

By Mr. Doucet:

Q. It was done to enable him to evade the Customs law?—A. We do not issue such clearances in Canada at all.

The CHAIRMAN: If it was to be landed on the North coast of New Brunswick, it was really a gift to the province.

By Hon. Mr. Stevens:

Q. Do you hold, Mr. Blair, that even if this vessel had been well within the three mile limit, in the face of this statement I see over your own signature—the boat and the liquor were placed under seizure, and an affidavit was secured from Mr. Perrault, the master of the boat, in which he admitted that the liquor was loaded on at St. Pierre-Miquelon, and was intended to be unloaded on the North coast of New Brunswick, near Pointe du Chene, although he admits that he intended smuggling the liquor in—do you say that the captain of the cruiser did something wrong in seizing that vessel?—A. Yes, so long as she was not hovering. If he found her hovering, as if she intended to change her cargo there, he could have seized it, but he was proceeding on his voyage.

By Mr. Doucet:

Q. If he had gone two or three miles farther away from Prince Edward Island, he would have been nearer the shore at Pointe du Chene, and she could then have been designated as hovering around the New Brunswick coast?—A. If he was not proceeding on his voyage and had stopped on the way, loitering as if he intended to land his liquor, he could have been seized.

Q. He himself said he intended to land it at Pointe du Chene?—A. There is no question about that.

Q. There is no question in your mind that the cargo left St. Pierre-Miquelon to go to Pointe du Chene?—A. No doubt.

Q. And if a storm arose, and they could not make the land that night, they would have to stay over in order to land it at Pointe du Chene?—A. Very likely that is correct.

Q. The captain testified as to that?—A. Yes.

Q. The captain of the motor boat says so?—A. Yes.

Q. For the life of me I cannot see how the Department could let a vessel like that go?—A. Well, we could not seize her.

The CHAIRMAN: If I understand him well, the boat was proceeding, and the captain had his certificate to land at Nassau, going out; he could not be seized because the boat was going to Nassau. As I see by the map over there, he changed his direction. Perhaps it was a stormy night, and he was only there to find shelter behind the Island.

Mr. DOUCET: But he was on the wrong course, to go to Nassau, Mr. Chairman.

The CHAIRMAN: Sometimes people take the wrong course to go to paradise.

By Mr. Doucet:

Q. Nobody needed to go that way, Mr. Blair?—A. No.

Q. You can see the direct line to Nassau; otherwise there is the course from the Magdalen Islands to Cape North, and then around to Pointe du Chene, on the Shediac coast. But that is not on the way to Nassau at all. (No answer).

Witness retired.

The Committee adjourned until Friday, May 28th, 1926 at 10:30 a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 56—FRIDAY, MAY 28, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Henry Benjamin Parsons, Manager, Canadian Bank of Commerce, Walkerville, Ont.

Mr. Leo George, Montreal, Que.

Mr. John Bulger, Secretary-Treasurer, Dominion Distilleries Limited, Montreal, Que.

Mr. G. W. Taylor, Acting Deputy Minister of Customs and Excise.

Mr. James Cooper, Walkerville, Ont.

Mr. George Harbert, Montreal, Que.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1926

ERRATA

Page 2309, 13th line from bottom of page—Delete $769,396.09 and substitute $749,396.09.

MINUTES OF PROCEEDINGS

FRIDAY, 28th May, 1926.

The Committee met at 10.30 a.m., Mr. Mercier, the Chairman, presiding.

Present: Messrs. Bennett, Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Père and Stevens—8.

Committee counsel present: Messrs. Calder and Tighe.

The minutes of yesterday's meeting were read and adopted.

Moved by Mr. Kennedy,—That the following be summoned to attend as witnesses for Friday 4th June, 1926, at 10.30 a.m.:

1. J. H. Ross, 111 Inglewood Drive, Toronto.
2. R. R. Farrow.
3. A. T. Montreuil, Collector of Customs and Excise, Windsor, Ont.
4. C. P. Blair.
5. G. W. Taylor.
6. W. J. Brown, Customs and Excise, Walkerville, Ont.
7. A. J. E. Belleperche, Inland Revenue, Walkerville, Ont.
8. E. F. Ladore, Asst.-Sec., Hiram Walker Co., Walkerville, Ont.
9. Manager, Western Freighters Ltd., Vancouver, B.C.

to produce all letters, telegrams and documents in reference to a shipment of liquor from Hiram Walker & Co., of 6,000 cases to Watson & Co., Ensenada, Mexico, from Walkerville, in December, 1923, and from Vancouver in February, 1924, and the validity of the landing certificates, stating the shipment landed in March, 1924, in Ensenada, Mexico.

Manager of Western Freighters Ltd., to produce, in addition, log of Prince Albert for February and March, 1924.

Motion agreed to.

Mr. G. W. Taylor submitted,—

1. Removal bond given by Health Pharmacy Products Co., Quebec, for removal of sixty barrels of alcohol to Murray Chemical Co., Montreal.
2. Sworn statements of gaugers from ports specified in motion of Hon. Mr. Stevens of 20th April.

Mr. Nash drew attention to a clerical error in the Seventh Interim Report of the Auditors to the Committee.

Dominion Distilleries Limited

Mr. Henry Benjamin Parsons, Manager, Canadian Bank of Commerce, Walkerville, Ont., was called and sworn. He produced, under protest, the bank account with deposit slips of Mr. James Cooper.

Witness discharged.

Mr. J. H. Dillon, K.C., and Mr. W. H. Furlong appeared as counsel for Dominion Distilleries Limited and for certain other witnesses.

Mr. Leo George, Montreal, Que., was called, sworn and examined.

Witness discharged.

Mr. John Bulger, Secretary-Treasurer, Dominion Distilleries Limited, Montreal, Que., was called, sworn and examined.

Witness retired.

Mr. G. W. Taylor, Acting Deputy Minister of Customs and Excise, was recalled and examined.

Witness retired.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Mr. John Bulger was recalled and further examined.

Witness discharged.

Mr. James Cooper, Walkerville, Ont., was called, sworn and examined.

Witness discharged.

Mr. George Harbert, Montreal, Que., was called, sworn and examined.

Witness discharged.

The following witnesses were released until Tuesday, 1st June, 1926, at 10.30 a.m., viz.:

1. Mr. J. E. Lally, Customs Excise Officer, Montreal.
2. Mr. C. K. Stewart, 650 Durocher Street, Montreal.
3. Mr. C. Harwood, Hiram Walker & Sons, Walkerville.
4. Mr. W. J. Hushion, 1195 St. James Street, Montreal.

The Committee adjourned until Tuesday, 1st June, at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

FRIDAY, May 28, 1926.

The Special Committee appointed to investigate the Department of Customs and Excise, and charges relating thereto, met at 10.30 a.m., the Chairman, Mr. Mercier, presiding.

Mr. CALDER, K.C.: Mr. Chairman, Mr. Nash has a correction to make in the Seventh Interim Report re Dominion Distillery Products Company, Limited, and others.

Mr. NASH: Mr. Chairman, I should like to call attention to a clerical error on page 9 of the report; $769,396.09 should be $749,396.09. I should like the record to be corrected. All copies are made with the same mistake in them.

HENRY BENJAMIN PARSONS called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Parsons, are you the manager of the Canadian Bank of Commerce at Walkerville?—A. Yes, at Walkerville.

Q. Is there an account in the bank in the name of James Cooper?—A. Yes, sir, James Cooper.

Q. Have you got with you this morning a copy of the account?—A. I have.

Q. And have you the cheques upon that account—A. No, all cheques have been returned, in the regular way.

Q. Have you the deposit slips?—A. Yes.

Q. Will you produce, as well, the deposit slips?—A. Before giving any evidence, on account of the bank's relations with customers, I am not giving evidence voluntarily; I prefer not to testify unless compelled to do so.

Q. Mr. Parsons, at the present moment, you are under compulsion, as a witness, and everything you say is taken to be said compulsorily. Will you now produce the bank account, or a copy of it, and the deposit slips? (Witness produces documents called for).

Mr. CALDER, K.C.: These documents are produced but not filed, and are handed over to Mr. Nash for the purposes of his enquiry.

That is all, Mr. Parsons, thank you.

Witness discharged.

LEO GEORGE called.

Mr. J. H. DILLON, K.C.: Mr. Chairman, and gentlemen, I appear for the Dominion Distillers, and certain other gentlemen who have been summoned to appear before you to-day. Mr. W. H. Furlong, of the Ontario bar, is with me.

We have only had the opportunity of seeing the auditors' report a short while ago, a matter of an hour or an hour and a half; consequently, our knowledge of it is very superficial and very cursory, but it has afforded us, at all events, the opportunity of noting that there are several headings under which the auditors declare that the full amount of duty or excise, as the case may be, has been turned in to the exchequer of the Dominion of Canada.

I do not know that it is necessary for me to mention those particular points, but on page four of the report the auditors declare:

> "We checked all the Inland Revenue books of the Company and traced all grain and alcohol going into the distillery process. We also traced all imported whiskey used for blending purposes and all shipments received from Hiram Walker & Sons, Limited. We found that all deficiencies were paid for at the rate of $9 per proof gallon. Subject to the comments hereafter made, all Customs duty has been paid on imported liquor and all excise duty paid on sales of domestic spirits which are shown on the Inland Revenue books."

The following paragraph says:

> "The Company commenced distilling operations in June, 1924, and up to March, 1926, had distilled only 622.71 proof gallons, all of which is still in bond, no shipments of their own distilling, having so far been made. The Company has imported for blending purposes 13,536.25 proof gallons and has paid Customs duty on 8,182.32 proof gallons, leaving a balance of 5,353.93 at present held in Customs bond which agrees with the figures shown in the Customs ledger at the port of Montreal."

They then divide the various classes of sales into three classes, and declare:

> "The period covered by the shipments of whiskey purchased from Hiram Walker & Sons, Limited, Walkerville, was from 31st January, 1924, to February, 1926, and covers some 100,847 cases and 11 barrels having a sale value of $2,666,301.85. These shipments were all excise duty and sales tax paid."

On page 7, second paragraph, it says:

> "As stated previously all the shipments from Hiram Walker & Sons, Limited, were duty paid liquors. They were also covered by excise permits issued at Walkerville. These permits were not always kept on file at the Customs office at the port of exit."

The next paragraph, dealing with sales of whiskey of the Company's own blending, contains these words:

> "The first section of this schedule deals with those goods which were loaded at Montreal and returned to Walkerville and neighbouring points with shipments which had been purchased from Hiram Walker & Sons, Limited, Walkerville. These total 1,712 cases and 52 kegs, of a sales price of $58,254.25, all of which were duty paid, and the consignees are the same as in the previous schedule."

On page 9—

Hon. Mr. STEVENS: Mr. Chairman, what is Mr. Dillon coming to? We do not want to listen to the report being read piecemeal all the way through.

Mr. DILLON: I just wish to make the suggestion to the Committee, for the consideration of the Committee, that to save time, those various portions of the report in which the auditors declare that the merchandise has been fully paid regarding duty and excise, might properly be eliminated; and by that process of elimination we could concentrate upon those points which perhaps have not been fully covered by the auditors. The points regarding which they are able to declare that everything has been done to their satisfaction, concerning the merchandise on which duty and excise has been paid, could be dispensed with. In other words, the points that the auditors declare to be covered as to duty and excise, I respectfully submit are settled; declared.

Hon. Mr. BENNETT: That might be right, except that we find that the books were not properly kept; the records are not complete. Therefore, they

have to be considered in order to find just how far they are complete. It has been found that the books were improperly kept, and were manufactured for the occasion; therefore, the whole matter is opened. There does not seem to be any doubt about that.

Mr. DILLON: May it please the honourable member, the auditors have found; their audit has permitted them to make the formal declaration in their report—

Mr. CALDER, K.C.: Subject to comment.

Hon. Mr. STEVENS: And with painful outside assistance. These very documents were not produced by your clients; they were either spirited away, destroyed, or refused to be disclosed. This remark applies to Mr. Gregory George who has taken away vital documents, and gone to Europe, although he pledged himself to be here. He is still a witness of the Committee; he has never been discharged.

Mr. DILLON: The auditors declare, in two or three portions of their report, that the Customs duty and excise have been paid. I only make the observation.

Hon. Mr. STEVENS: "Subject to the comments hereafter made." In other words, all of this is granted subject to the balance of the report, which goes on to disclose certain delinquencies. It has to be taken with that qualification.

Mr. DILLON, K.C.: Well, I think, Mr. Stevens, that the subjoined reference as to the subsequent amount refers to other operations besides those dealing with Hiram Walker.

Hon. Mr. STEVENS: Of course, as far as Hiram Walker and Sons' case is concerned, that is not on file this morning, if I may use that term.

Mr. DILLON, K.C.: Every shipment from Hiram Walker—

Hon. Mr. STEVENS: Only in so far as they are affected by the report.

The CHAIRMAN: Anything done by the firm of Hiram Walker and Sons that can be proved will be allowed.

Mr. CALDER, K.C.: My friend can take it for granted I would not inquire into anything that is perfectly regular.

LEO GEORGE sworn.

By Mr. Calder, K.C.:

Q. You are president of the Dominion Distillery Products Company?—A. I was.

Q. Who is president now?—A. There is no Dominion Distillery Products Company.

Q. That has been merged into the Dominion Distilleries?—A. Yes.

Q. Dominion Distilleries Limited?—A. Yes.

Q. Are you president of that company?—A. No.

Q. Who is?—A. Mr. Parker; Mr. F. J. Parker.

Q. You hold a number of shares in the Dominion Distillery Products Limited?—A. I did.

Q. What consideration did you give for those shares?—A. None, they were given to me.

Q. You gave no consideration for the shares?—A. No.

Q. Was any consideration given by the other shareholders for their shares?—A. I do not think so, no, other than their work.

Q. From whom did you receive your shares?—A. G. A. George.

Q. How did Mr. G. A. George derive his interest—wherein did he derive his interest in the Dominion Distillery Products Company?—A. I just cannot understand that.

Q. You got shares from G. A. George and so did all other shareholders?—A. Yes.

Q. How did he earn his shares?

Mr. DILLON, K.C.: One moment; Mr. Chairman and gentlemen, I do not want to prolong the inquiry. I respectfullly submit that the line of examination by my learned friend will not tend to show whether the Customs of Canada has been defrauded; dealing with the internal economy of the company will be no proof of whether Canada lost any money through excise or duty not being paid and I object to examination on points that do not tend to reach that objective.

Mr. CALDER, K.C.: I am pointing out the interest each person has in the Company.

The CHAIRMAN: I think the question of Mr. Calder for the purpose of identifying the witness with the Company is admissable.

Mr. CALDER, K.C.: I thought it was relevant to finding out the interest and how it was acquired.

Hon. Mr. BENNETT: The share register will speak for itself.

Mr. CALDER, K.C.: I will withdraw the question.

The CHAIRMAN: You may ask him if he is a shareholder.

Hon. Mr. STEVENS: I think I might as well state now, while we are on the point that this Company has not kept proper minutes. Their books have not been kept in order, or in any shape or form. It is mixed in with three or four other companies, and the manner of keeping accounts is exceedingly suspicious and unquestionably all the transactions of the group indicate a combination of individuals apparently doing business which is mixed up among these three or four other companies, and no proper records have been kept, indicating a condition of business which jeopardizes the interests of the company. I suggest that if they do not disclose their operation counsel is at liberty to question them as to their relations, both as to the relations of the individuals of the company and the relations of one company to the other.

The CHAIRMAN: The examination can go along and we can make such disposition as we may see as we go along, and as opportunity occurs.

Mr. CALDER, K.C.: My object is to show the various companies interlocked. I thought that was vital. If the companies interlock, then I should be in a position to find out whether share was given for share, or whether any consideration was given for them, and I think that is relevant.

The CHAIRMAN: They have two or three companies mentioned in the report, and you can ask him if he has shares in one company.

Mr. CALDER, K.C.: How he acquired shares in the various corporations and what considerations he gave for them may show that the consideration for the shares in one corporation was the incorporation of the other one.

Mr. DILLON, K.C.: What we want to get at is the defrauding of the revenue.

By Mr. Calder, K.C.:

Q. Can you speak of your own personal knowledge of the sale of denatured alcohol by your corporation?—A. No, I cannot.

Q. Who can?—A. I might just explain I came to Montreal in May, 1925. I was sick in June, 1926, and I left Canada and was in Bermuda and came back—

By Hon. Mr. Stevens:

Q. You mean June, 1925?—A. Yes.

By Mr. Calder, K.C.:

Q. Who can tell us about the sales of denatured alcohol?—A. Mr. G. A. George practically handled all the business; he handled everything.

Q. I venture to say as we progress in this inquiry everything will be referred to Mr. G. A. George.—A. I think Mr. Bulger, as Secretary, will give you all the evidence you want.

Q. You know nothing personally as to the sale of the denatured alcohol sold by Dominion Distillery Products or the Dominion Distilleries?—A. No. While I may say I was President—

Q. Did you have anything to do with the establishment or shaping of methods of shipment?—A. No, I did not; I had no methods of shipment.

Q. You do not know whether you had any dealings referring to the method of shipment, transhipping in general or disposing of liquor and sending it out?—A. Not that I know.

Q. Not that you know?—A. No, I did not.

Q. Did you ever have any correspondence with the railways concerning methods of procedure to be followed in shipping by rail?—A. I do not remember that, Mr. Calder.

Q. Will you look at a letter on the heading of the Canadian National Railways, bearing file number 34237 dated at Walkerville and signed S.V.B. and addressed to Mr. Lee George, that would be you?—A. That is right.

Mr. DILLON, K.C.: Before you answer, Mr. George, let Mr. Furlong and me see it.

The WITNESS: That may have come to me, but I may have never seen it.

Mr. DILLON, K.C.: Wait a minute.

The WITNESS: I may never have seen that letter, Mr. Calder.

By Mr. Calder, K.C.:

Q. Again you may have seen it and have acted on it?—A. I would not swear that I did.

Q. It is rather embarrassing when you cannot make up your mind when you received a fairly important letter like this?—A. 1923.

Q. You will not suggest whether or not you received the letter, or whether or not you acted on it?—A. I won't say I did. The letter may have been addressed to me and received by my brother or the clerk.

By Hon. Mr. Bennett:

Q. You have read it over; does it leave no impression on your mind?—A. I cannot recollect it. I do not know who S. C. B. is.

Q. Who S. V. B. is?—A. I do not know the man who writes.

Q. The man who writes to you "Dear Lee"?—A. I do not know who S. V. B. is.

Q. He appears to be perfectly familiar with you?—A. I do not know who F. B. B. is.

Q. S. V. B.—A. I do not know who it is.

By Hon. Mr. Stevens:

Q. On Canadian National paper?—A. I do not know who it is.

Q. You were doing shipping?—A. (No answer).

By Mr. Calder, K.C.:

Q. Do you know Mr. Beck of the Canadian National Railways?—A. No, sir, I do not.

Q. I am instructed that this letter is written by Mr. Beck.—A. Mr. Beck?

Q. Yes.—A. I do not think I know him.

Q. You do not know of anybody whose initials are S. V. B., who would write you "My dear Lee"?—A. No.

The CHAIRMAN: We write to anybody "My dear Sir."

Mr. CALDER, K.C.: I do not think a perfect stranger would write to you as "My dear Paul."

The CHAIRMAN: But you say in a letter "My dear so and so."

Mr. CALDER, K.C.: It is the first name.

The CHAIRMAN: Like "yours very truly."

Mr. CALDER, K.C.: If a man writes "My dear Paul," or "My dear Harry," if that be my first name, and he is a perfect stranger, I would be shocked by his familiarity.

The CHAIRMAN: I would not be shocked, I would say that that man is getting modern.

By Mr. Calder, K.C.:

Q. At any rate, this letter was addressed giving certain directions and a model bill of lading, methods of shipment for the use of your company, that is correct, is it not?—A. I presume it is.

Q. It reads as follows:

"WALKERVILLE, Ontario, November 28, 1923.

Mr. LEE GEORGE,
Estate of George,
1185 St. James street,
Montreal, P.Q.

DEAR LEE,—Understand Mr. Cooper has some goods for movement this way and which he wrote you about to-day. From the papers he had it would appear that you had in mind camouflaging the same. This, I do not think would be as safe as billing legitimately, in which case there would be no opportunity for loss.

You are probably aware that the Consolidated Distilleries at Corbyville have been sending a few shipments in lately.

I enclose a copy of billing covering one of their recent shipments. You can bill the above shipment accordingly, but instead of showing the consignee A. Savard, make it read E. Bangle. The freight will be quite heavy if you have only a small consignment. Probably you can arrange for other goods to be placed on the car so that the agent in Montreal can make it a straight Walkerville car, but under no circumstances load a car for handling at any other point except Walkerville.

If you have in mind any point that I have not made clear, would be very glad if you would write me. Address 220 Moi avenue, Windsor, Ontario.

With kindest regards, I remain,

Yours truly,

(Signed) S. V. B.

H. G. M."

Hon. Mr. BENNETT: Is that the original?

Mr. CALDER, K.C.: Yes.

Mr. DILLON, K.C.: I thought it was a carbon copy.

Mr. CALDER, K.C.: It is plainly an original. I am instructed it was found in the possession of the W. George Company.

By Mr. Calder, K.C.:

Q. Attached to this letter are Canadian National Railway freight way-bills covering car initials and No. C. N. 37482, station Walkerville, shipper Consolidated Distilleries, 42, consignee Charles A. Savard, Petitecote for export to Mexico City, via C. N. to Walkerville, hydro-electric to Petitecote and boat Santa Maria, 400 cases of liquor, duty paid. Agent Walkerville prepay to Petitecote and re-charge Belleville?—A. Is that Corbyville?

Q. It is sent to you as a model for your billing?—A. From Mr. Beck?

Q. Mr. Beck sends your company, or you, certain bills of lading which he suggests could be used by you as models as billing legitimately, which would be much safer than camouflaging.

Mr. DILLON, K.C.: And modelled on the bills of another distillery?

Mr. CALDER, K.C.: Yes, pointing out that this billing is safer than camouflaging.

A second bill of lading, of which a copy is attached gives the car initials T. R. R. 4532, originating station Corbyville, Ontario, via Belleville, Ontario to Walkerville, Ontario, shipper Consolidated Distilleries, consignee Charles A. Savard, Petitecote for export to Mexico City, Mexico; C. N. R. to Walkerville, hydro-electric to Petitecote, boat Santa Maria.

The third one is from Montreal, Point St. Charles, P. Q. to Ojibway, Ontario, National Brewery Company, station Walkerville, Ontario, Essex Terminal Railway, consignee F. Weiser, Havana, Cuba, via Ojibway, Ontario, for furtherance by boat to destination. Shipment under this permitted by the Customs papers attached. It also shows quantities and the prices.

To this is attached the letter in the same handwriting as the signature of the first letter read:

> "SIR,—Your message too late to-day so cannot tell you any news. Will try and see him to-morrow morning. Give the enclosed of billing to . . . . . which covers car out of Montreal, July 26. It is wrong in one respect. Should be billed to Walkerville for furtherance via Essex terminal. You will note it also does not specify commodity. However it arrived o.k. and we can only guess at what was in it. The unloading was arranged at Sunnyside, the popular exporting point. If you extend the loading it might develop to desirable information. Getting to the point we have in mind and if no difficulty in getting out of Montreal why not send mixed load of beer and W. and bill all as beer. We are receiving one to two cars each week from the Frontenac Brewing Company and passing without any doubt or suspicion. A refrigerator car would be best to load with enough beer close to the ice bunkers to cover up. Will see . . . . . as soon as possible and again write you."

By Mr. Calder, K.C.:

Q. Is that addressed to you? It is not signed, it is plainly in the same handwriting as the signature?

Mr. DILLON, K.C.: Mr. Chairman, I do not think we should allow to be read into the record the contents of an unsigned piece of paper. There is no address on it and no signature.

Mr. CALDER, K.C.: It would be very easy for Mr. Dillon to remove the difficulty by telling us who received this in the Dominion Distilleries Corporation and offering him as a witness. It was found in the possession of the Dominion Distilleries Products Limited and gives directions for shipping, which were afterwards carried out.

Mr. DILLON: Is it addressed to W. George Limited?

Mr. CALDER, K.C.: You are taking advantage of the fact that it is addressed to no person, but forms part of a file of documents, one of which is a letter addressed to Mr. Lee George which contains documents and the documents are alluded to in the top letter and the bottom letter.

The CHAIRMAN: All that is written in this letter is not of great importance. I think we are bound to say that there is this kind of trade in all parts of the country, and that one province is no worse than the other; that companies are incorporated in Canada for that purpose, and especially in one province where they cannot have liquor in the province, and they have to find some means of consigning liquor. Every distillery is obliged to find a way to get hold of their goods to put them on the market.

Mr. DILLON, K.C.: It is evidently a model bill-of-lading showing the operations of other concerns, and for which the Dominion Distilleries is pilloried.

Mr. CALDER, K.C.: I can assure Mr. Dillon that if I can find any others operating in the same way, and can find some relevant facts they also will be pilloried. There is no intention on my part to single any person out for prosecution.

Mr. DILLON, K.C.: You have a model bill-of-lading showing the operations of another concern, and which are models of what other distilleries and liquor concerns do, and that should not be held against the Dominion Distilleries.

The CHAIRMAN: We are here to make a complete investigation and want to know the methods followed by distilleries in selling their products. I am inclined to think that Mr. Calder is correct.

By Mr. Calder, K.C.:

Q. Mr. George, if you knew nothing about the sale of denatured alcohol, did you know anything for the purpose for which it was denatured and the ultimate condition in which it would reach the consumer?—A. Let me get that again.

Q. You said you knew nothing about the sale of denatured alcohol?—A. No.

Q. Do you know anything about what was to be done with the denatured alcohol and whether it would reach the ultimate consumer in a redistilled condition?—A. It is what I was told.

Q. By men in your own company?—A. By my brother.

Q. What were you told?—A. I was told—

Mr. DILLON, K.C.: One moment.

Mr. CALDER, K.C.: Do you say that is hearsay, the admissions of a person charged?

Mr. DILLON, K.C.: He is not the person charged, he is an official of the company. He is not in the guise of a criminal before a court, and I respectfully submit that it is stretching the rules to a very considerable extent to ask him to put in proof of what somebody else told him.

Mr. CALDER, K.C.: Mr. Chairman, I submit that if our contentions are correct, and the facts investigated by Mr. Nash raised a strong presumption that they were correct, there was a conspiracy in connection with denatured alcohol. Certain alcohol of a potable kind was brought in, and was represented to the government that it was denatured. It was then shipped out and distilled and sold as potable alcohol.

The CHAIRMAN: You see, Mr. Calder—

Mr. CALDER, K.C.: If you will allow me. Then, if that is true the government was defrauded of revenue which should have been paid into the government on potable spirits going out of bond. If that was done by a conspiracy, any

person in the conspiracy stands in exactly in the same position as the accused person. What he says, therefore, may be reported by any person to whom he says it, and it is not hearsay; rather it is hearsay, but not subject to the rule which excludes hearsay evidence. If we cannot get that evidence then we will know nothing. Mr. George knows and Mr. George undertook to appear before this Committee. His counsel promised to produce him, and he has gone to Europe and apparently has no intention of coming back.

The CHAIRMAN: I know one thing that is true, that the main person, G. A. George, is the one who seems to know everything. Besides that, I am not ready to admit your contention about the nature of the conspiracy, until I have positive evidence before me. We have to go step by step; the Committee will make their deduction, after hearing the evidence, about a conspiracy.

Mr. CALDER, K.C.: Does your Lordship allege that I can not put in evidence of Mr. Gregory George, the manager, chief agent, president of the company, which he was serving?

The CHAIRMAN: As far as he is concerned, himself.

WITNESS: I was not here, and I really do not know.

The CHAIRMAN: I do not think it is fair to pass judgment on a man when it is not justified by evidence. It goes along to the press of this country. I do not say the press have not got a right to publish the information; I do not complain about the newspapers of this country; but these reports are vicious by nature, and do a lot of harm. When the person is not present to give evidence, that is what I want to stop; I do not like to see people misrepresented. When we have an indictment against a person, let us go by the evidence to enable us to make the necessary deduction.

Mr. CALDER, K.C.: Mr. Chairman, if that last remark is addressed to me, I resent it very deeply. Here is a point coming up which involves the question of whether or not certain evidence is admissible. In order to convince you, who stand here in the position of a judge, that the evidence is admissible, I must lay my foundation. I do not assert any fact; I say that is the contention and theory upon which I am proceeding.

Now, if you rule out this evidence, very well, I will not try to put it in; but I can not get a proper ruling from you unless I state the basis upon which I am proceeding.

The CHAIRMAN: The objection is not based on the contention of the meaning of perhaps one hundred phrases; the question is one of evidence. It is very easy to decide whether or not the question is legal, in two or three words.

Mr. CALDER, K.C.: If you would allow me, Mr. Dillon's objection is that it is hearsay evidence. I say that under the circumstances under which we are proceeding the rule of hearsay evidence does not apply, because the law specially varies it. I say that I am under the exception; and if I am under the exception, then I can put in this evidence. If you rule I am not within the exception, that is different; I can not proceed.

Mr. DILLON: I think it is within the exception; there is a hypothetical conspiracy which they are endeavouring to support by hearsay evidence.

By the Hon. Mr. Bennett:

Q. This is with regard to 1923; at that time, you and your brother were carrying on business together?—A. No, I was living at Eganville, Ontario; and used to come down maybe once a month for a day or so, and come back.

Q. The business was "Estate of W. George"?—A. Absolutely, at Eganville.

Q. They were carrying on business at Montreal?—A. Yes.

Q. I noticed a store on the street here, at Ottawa; that is the same estate? —A. That is the old warehouse we had here, when Ontario went dry.

Q. Gregory George is your brother?—A. Yes.

Q. You and he constitute the estate of W. George?—A. No, there were three or four brothers.

Q. Two others, besides Gregory and yourself?—A. Yes. There were four.

Q. You were in Eganville?—A. Yes, I was in Eganville.

Q. Where was Gregory George?—A. In Montreal.

Q. Where were the other two?—A. Dixon was in Montreal, my other brother was mining.

Q. That is in 1923?—A. Yes.

Q. Where were you in 1924?—A. Practically the same.

Q. In 1925, you went down to Montreal? When did you go to Montreal in 1925?—A. I went down in May.

Q. You afterwards became ill?—A. Yes. I went away in June and did not come back until the latter part of December, 1925.

Q. In 1923, you were at Eganville?—A. My home was in Eganville; I might have been in Montreal.

Q. Where do you make your home?—A. At Eganville; at present at Montreal.

Q. Did you take your family to Montreal?—A. Yes.

Q. Your proper home was in Montreal?—A. Yes.

Q. Did you go down there yourself sometimes?—A. Yes, maybe every month or so, I would go down for a day or so.

Q. What business was the Estate of W. George carrying on?—A. Groceries.

Q. Were you in the liquor business?—A. In the liquor business, yes.

Q. You were in the liquor business together?—A. Yes, we were together.

Q. And were shipping liquor out of the country?—A. Absolutely.

Q. And you were buying it from Hiram Walker & Sons?—A. Yes.

Q. And from anywhere else you could get it?—A. Yes.

Q. You were importing and selling liquor?—A. Yes.

Q. And to sell it, you had to camouflage it to get it out of the country? Be frank about it. There is no doubt about it, is there?—A. Yes, I suppose.

Q. At times you had to camouflage the liquor being exported; for example, if the liquor was going to Ontario, it was camouflaged by pretending to ship it to Mexico or somewhere else?—A. No, that would not be camouflaged, any time it was going to Mexico; that was a legitimate shipment for the United States.

Q. You do not mean that it went to Mexico?—A. No. It was camouflaged as far as going to the United States is concerned.

Q. Mr. Calder read a communication dealing with the method by which you got this liquor out of the country?—A. Yes.

Q. Did you know of that of your own knowledge?—A. I don't suppose I did.

Q. I do not want you to suppose.—A. I do not think I did know.

Q. You do not remember very much about it?—A. I can not recollect about that. I did not know this man Beck.

Q. You did not know him at all?—A. No, I did not know him.

Q. At any rate, in a general way, you knew of the scheme that was devised by which this liquor was being shipped out to the United States?—A. Yes.

Q. You were well aware of that?—A. Yes.

Q. To your benefit and advantage, financially?—A. Yes, of course.

Q. Do you know of a certain quality of alcohol being purchased, then put through a process, in your hands, and sold?—A. All I know about that is, when I came back from Bermuda, my brother told me that they had brought in 16,000 or 17,000 gallons, which were denatured and exported to the United States.

Q. When did your brother tell you that?—A. When I came back from Bermuda the latter part of December, 1925.

Q. Did you know anything of this in 1924?—A. No.

Q. You were not denaturing alcohol then?—A. I did not know of any being denatured.

Q. 1925 is the first time you heard of it?—A. That is all I know about it.

Q. But prior to that you had nothing to do with denatured alcohol, prior to 1925, as far as you know?—A. No.

Q. That is your memory?—A. Yes.

Q. That is the best you can do?—A. Yes.

Q. There were transactions about which you knew, in a general way?—A. Yes.

Q. That were mixed up in the business of the Dominion Distillers?—A. Yes, I was mixed up in it.

Q. How did you become mixed up with that?—A. I might say that I took a casual, not an active part.

Q. You were a shareholder?—A. Yes.

Q. You had one hundred shares?—A. Yes.

Q. And some time later you became the president?—A. I was made president.

Q. And, as president, did you not keep any minutes?—A. No, I don't know about that.

Q. In other words, you were keeping the minutes in your head?—A. Might be.

Q. There is no doubt about that. You have not got the minutes here, where are they?—A. I do not know, I did not keep the minutes of any meetings. I do not think that I was ever at a meeting.

Q. Now, to put it shortly, the whole story is, you had the Dominion Distillers business and they had a warehouse on the Lachine Canal?—A. Yes.

Q. They had another peace of business; Mr. Hushion had a hay and grain business?—A. Yes, he had a hay and grain business.

Q. And you had a wholesale grocery business?—A. Yes.

Q. And had a hay business too?—A. No, we never had a hay business; we had nothing to do with the hay business.

Q. You having the grocery business only?—A. Absolutely.

Q. And, as an incident to the grocery business, you had the liquor business?—A. Yes; we were partners in the liquor business.

Q. You were the Dominion Distillers Company?—A. Yes.

Q. Now, just tell us what you have in your mind, you may as well tell the whole story?—A. I can not give you my story any more than you have already taken it.

Q. Now, tell me; I am a customer; you are Mr. George; I go into your store to buy liquor; tell me how you did it. We will say that I live in Detroit?—A. You lay down your money and get your liquor, that is all.

Q. But, suppose I was in Detroit?—A. You would lay down your money and the liquor would be exported to Detroit.

Q. That is the point. You see, there is a prohibition against—I use the word prohibition in the sense of there being a regulation against the shipping of liquor to Detroit; how would you get my liquor to Detroit for me?—A. There is no law against shipping the liquor.

Q. Tell me how you do it?—A. I do not know of any law against shipping it over.

Q. Tell me how you would get the liquor over to Detroit?—A. I would export it to the port of exit, and they would check it through.

Q. Where?—A. To Ford, Windsor, or Walkerville.

Q. Will you be good enough to tell me what you have to do in order to get the liquor to me at Detroit?—A. If a man came in to buy a car of whiskey and laid down so much money, and gave shipping instructions to ship to Ford

for export to Detroit, to be sent via a certain boat; we would take the bill-of-lading to the railroad, and railroad it; we would put it on the car and railroad it to Ford.

Q. Then what would happen?—A. In Ford, it goes into a slip, as I understand, or something; I never was there.

Q. You were never at Ford?—A. No.

Q. You are not Mr. Scherer?—A. No.

Q. Then what would happen?—A. Then the American would come across and take the whiskey from Ford. I never was there, nor have I seen the actual working of it.

Q. You do not know any more about it than that?—A. No.

Q. Where would you get the liquor that you sold to me?—A. Likely from Hiram Walker's.

Q. From whom would you order the liquor at Walker's?—A. Generally from Mr. Cooper, our agent there.

Q. By what method; by telegraph or telephone?—A. I do not know as to that procedure.

Q. Having ordered the liquor from Mr. Cooper, and Mr. Cooper being somewhere, I do not know where, tell me what would happen? Walkerville is away down in Ontario?—A. Yes. Then it was shipped to our distillery at Montreal, and re-shipped back to Ford.

Q. It was shipped to your distillery at Montreal?—A. Yes.

Q. You mean, when you say your distillery, the Dominion Distillers?—A. The Dominion Distillery Products Company.

Q. On the Lachine Canal?—A. Yes, the Dominion Distillery Products Company.

Q. They use a building on the Lachine Canal?—A. Yes.

Q. They would ship the liquor there?—A. Yes.

Q. A carload?—A. Yes.

Q. By rail?—A. Yes.

Q. Which came out of the Walker & Sons' stock?—A. Right.

Q. But consigned to Montreal?—A. To the Dominion Distillery Products Company.

Q. When you get it to Montreal, what do you do?—A. It is re-shipped to Ford, or whoever was the purchaser.

Q. Without taking it out of the car?—A. It was taken out at the distillery and checked over.

Q. Why did you ship it first to Montreal?—A. I don't know, Mr. Bennett.

Mr. FURLONG: I can tell you.

Hon. Mr. BENNETT: I think I can tell, myself.

WITNESS: I really do not know.

By Hon. Mr. Bennett:

Q. I suppose the reason was because the sale could not be made in Ontario?—A. No, I don't know.

Mr. FURLONG: That was not it.

By Hon. Mr. Bennett:

Q. We have witnesses here who can tell us. I see one of the witnesses over there. You do not know, yourself?—A. No, I don't know that, Mr. Bennett.

Q. Now, the liquor having been shipped to Montreal, then re-shipped back to Ford, or some other point, it is sent across the line into the United States?—A. Yes.

Q. Why was the liquor consigned to Mexico?—A. Because the railroads would not accept it to the United States.

Q. That is what I was coming at; it is because of certain regulations?—A. Yes.

Q. To get over that difficulty, you consigned the liquor for export to Mexico?—A. Yes.

Q. It never was intended for Mexico?—A. It never was intended for Mexico.

Q. That was to get over the objection of the railroads?—A. Right.

Q. That is why the liquor is routed via Mexico?—A. I assume it is.

Q. You say that you cannot recall this letter; you certainly do recall instructions that were given as to how to get around the difficulty?—A. That has been the procedure right along; right up to date, you might say.

Q. You are doing it now, as a matter of fact?—A. Right now.

Q. That does not touch denatured alcohol?—A. No.

Q. It is only a question of the sale of liquor?—A. Absolutely.

Q. And all this bogus consigning of liquor to Mexico is merely a method of getting around the law?—A. Right.

Q. So the railroads will carry the liquor. That is the whole truth?—A. Right.

Q. I suppose the railroads appear to have had some knowledge of the basis of getting around that law?—A. Apparently they had.

Hon Mr. STEVENS: It is only fair to say that Mr. Beck was discharged.

Hon. Mr. BENNETT: I was not, in any way, reflecting on him.

By Hon. Mr. Bennett:

Q. I do not care where you got the liquor; that is the method you used to get liquor into the United States?—A. Yes.

Q. The market being in the United States?—A. Yes, the market being in the United States.

Q. That is the machinery used for the purpose of getting the liquor to the market?—A. Right.

Q. That is the whole story?—A. Yes.

Q. The reports clearly indicate that duty and excise tax is paid before the liquor is taken out of the warehouse?—A. Right.

Q. Now, let us get down to this point; do you know anything about the operations of the distillery?—A. No, I do not.

Q. Did you ever take any part in that?—A. I have seen some papers; I have not been around the warehouse.

Q. You told us that you were. You signed where you were told to sign?—A. Yes; where the Customs officer told me to sign.

Q. Is your home still at Eganville?—A. No, I am in Montreal.

Q. When did you take up your residence at Montreal?—A. In May, 1925. I left in June and came back the latter part of December, and I have been there since.

Q. You have been there the last four or five months?—A. I have been there since my brother left.

Q. Now, Mr. George, you realize this is a very serious matter, with regard to the books and papers that are gone?—A. Well, I can not say anything about that.

Q. I want to know what you yourself know; I am asking you about, for instance, certain books were brought up here, and they were said to be all the books; now your brother has gone away to Europe, and has taken some of the books with him. What sort of books are you keeping now?—A. I don't know.

Q. Who is your bookkeeper?—A. Mr. Bulger looks after the books. He is here and will explain all that.

Q. What are your duties now?—A. I have not been doing anything lately, to tell the truth, I have not been feeling extra good since coming back. I went away with a nervous breakdown in June.

Q. You go up to the distillery?—A. Yes, I go to the distillery.

Q. How often have you been there during the last month?—A. Maybe three or four, or half a dozen times.

Q. You can give us no assistance with respect to denaturing alcohol?—A. I can not.

Q. You are perfectly clear?—A. Clear; other than what I was told about it.

Q. Who told you?—A. My brother Gregory.

Q. Did you ship denatured alcohol to the United States in the same way as you did whiskey?—A. Yes, shipped alcohol to the United States.

Q. And you used the same methods?—A. Yes, the same methods.

Q. What you are telling is what your brother told you, and your general knowledge?—A. Just the routine of it.

Q. You are one of the directors and imbued with a knowledge of the company, at any rate?—A. Just what I have heard when the boys were together. I really was not the active manager, as I told you.

Q. But alcohol was being shipped through in the same way?—A. Yes.

Q. Do you do any blending?—A. Yes, they blended.

Q. Have you yourself have had anything to do with the blending?—A. No, I know nothing about it at all.

Q. Now, this denatured alcohol that we have been referring to, was denatured by a certain process prescribed by the government?—A. I suppose it was.

Q. Do you know anything about it?—A. No.

Q. You cannot help us at all?—A. Not at all.

Q. You know alcohol was shipped to the United States, by the same general methods?—A. I was told it was.

Q. As was used with respect to whiskey?—A. Yes.

Q. Do you know anything about the abstraction of the denaturing substance from alcohol after it gets into the United States?—A. I understand that they can abstract, in the United States.

Q. Do you know they do that?—A. I understand they do.

Q. That is just general knowledge?—A. It is just general knowledge.

Q. You are just speaking of your general understanding?—A. I understand they do it in the United States.

Q. Do you know anything of the purchase of alcohol made by your people?—A. No.

Q. Did you, yourself, purchase any?—A. No.

Q. At any time?—A. No.

Q. I just wanted to get a general idea of the situation; I am very much obliged to you.

Mr. DILLON: With your permission, I should like to ask one question, which arises from what the Honourable Mr. Bennett asked.

Hon. Mr. STEVENS: You can cross-examine the witness afterwards for an hour.

Mr. DILLON: It just came out in regard to the one point.

The CHAIRMAN: If you wish to complete a question, you may put your question.

Hon. Mr. STEVENS: Mr. Dillon should not be allowed to ask questions until he commences his cross-examination.

The CHAIRMAN: The witness should be allowed to complete his answer to a question.

Hon. Mr. BENNETT: If necessary, you may put the question through me, Mr. Dillon.

The CHAIRMAN: You may ask the question.

Mr. DILLON: I only wish to ask you, Mr. Bennett, if you would be good enough to ask the witness if he is quite sure that cars from Hiram Walker & Sons were consigned to the Dominion Distillery Products Company.

The WITNESS: Yes, they were consigned to the Dominion Distillery Products Company.

By Mr. Dillon:

Q. You say they were delivered to the Dominion Distillery Products Company?—A. Yes.

By Hon. Mr. Stevens:

Q. Were they not consigned to the Collector of Customs, to the order of the Dominion Distillery Products Company?—A. Yes.

Q. That is altogether different.—A. I understand that is the same thing.

Hon. Mr. STEVENS: I would suggest, Mr. Chairman, if you would permit me, that it would be better to let counsel for the witness put his cross-examination in at the proper place; as a matter of decent orderly procedure.

The CHAIRMAN: Mr. Dillon wanted to put a question in order to complete the evidence; and we have the whole story in a nutshell.

By Mr. Calder, K.C.:

Q. You told Mr. Bennett that it was your brother Gregory who told you that they had purchased a certain quantity of liquor, potable alcohol, for denaturing purposes?—A. Yes.

Q. Did your brother tell you that it had been denatured by the Dominion Distillery Products Company, or the Dominion Distillers, or by persons acting for them?—A. All he told me was that it was denatured, and they exported it to the United States.

Q. It was denatured, and exported to the United States?—A. Yes.

Q. It was denatured in Canada?—A. Yes.

Q. And then exported to the United States? Did your brother tell you, at the same time, that it was sold to people in Toronto?—A. No, he didn't.

Q. Did you state that to Mr. Morgan, acting for the auditors?—A. Absolutely no.

Q. You recognize Mr. Morgan here?—A. I do.

Q. Did not you state to Mr. Morgan that it had been sold to people in Toronto?—A. No, sir.

Q. Alcohol which had not been shipped from Hiram Walker & Sons, but which was added to the cars sent by Hiram Walker & Sons, and sent back to Walkerville, for export to Mexico, did you return to the Department of Customs landing certificates of any kind?—A. I can not tell you that, Mr. Calder.

Q. Who can tell us?—A. Mr. Bulger will tell you that.

By Hon. Mr. Bennett:

Q. Mention was made of a place called Sunnyside; do you know where that is?—A. I do.

Q. Where is it?—A. In Toronto.

Q. Now, is it the Toronto Sunnyside, or a place that is near Ford?—A. I don't know.

Q. The only Sunnyside you know is on the main line of the railroad, on the water-front, at Toronto?—A. The beach.

By Mr. Calder, K.C.:

Q. Where is Mr. G. A. George now?—A. The last letter I had from him, he was in France.

Q. Did he express any intention of returning?—A. He said he thought he would be home about the 15th of June.

Q. I suppose he thought we would be through by that time?—A. He went away in bad shape, under the advice of his physician, and was under the impression that the Committee had discharged him.

By Hon. Mr. Stevens:

Q. He knew differently, because he and his counsel, Mr. Brackin, asked me if he was discharged, and I said, "Certainly not." Mr. Brackin undertook to have Mr. George back in ten days?—A. In the minutes of Hansard, it says that he is discharged.

By Mr. Calder, K.C.:

Q. Considerable curiosity was expressed as to the cheques on Mr. Gregory George's account?—A. Yes.

Q. In all your communications with Mr. Gregory George, did you ask him where these cheques were?—A. No.

Q. You wrote to him in the interval?—A. No.

Q. Even after the auditors had expressed curiosity, and said that they were seriously handicapped by not having those cheques?—A. No.

Q. And, naturally, you did not volunteer the information. Do you know whether he took the cheques with him?—A. I can not tell you.

Q. He did not tell you?—A. No.

Q. Where is Mr. Nicol now?—A. I think the auditors can possibly give you more information about him than I can.

Q. How can they give that information?—A. I do not think the auditors have given a fair interpretation, in the report, with regard to Mr. Nicol.

Q. Perhaps you had better rectify that impression.—A. The auditors found discrepancies in Mr. Nicol's account, and they knew Mr. Nicol had practically stolen around $4,000 from the Dominion Distillers.

Q. That is what they state in their report?—A. Not very clearly. The papers did not say it.

Q. I think they could not say it more clearly.—A. Mr. Nicol was thoroughly aware that the auditors were going to make an audit. The only thing I got from Nicol was that he said that Mr. Nash was shown everything possible, and he said, "I am going to Ottawa and will be back in the morning." I have never seen Mr. Nicol to this day. I did see a letter from him to his wife, from New York, with a draft of $100 enclosed. In the letter, he said that he was sailing for Buenos Aires. I told Mr. Nash what I had seen.

Q. Did you take any steps to trace him in any way?—A. I did not take any steps to trace him.

Q. You did not lay a charge against him?—A. I did not lay a charge against him.

Q. And you have no intention of trying to?—A. That is being left in abeyance until Mr. George comes home; he is the manager and looks after that.

Q. Do you know anything about the sales tax documents?—A. No, Mr. Bulger can enlighten you as to that.

By Hon. Mr. Stevens:

Q. I want to ask Mr. George a question or two about the manner of shipping these denatured spirits. You told Mr. Bennett, in the shipment of whiskey to the United States it would be billed through as to Mexico and

then would be delivered on a slip on the Detroit River, somewhere, Ford or Sandwich?—A. Yes.

Q. Is that the way you exported your denautured spirits?—A. The same way.

Q. They were dealt with in the same way; a party would come into your office and put down the money?—A. Yes.

Q. I notice from December 7th, 1925 to January 19th there are about fifteen cars, most of which were shipped to Mr. Scherer?—A. Yes.

Q. That is the way they were sold and shipped?—A. I presume that is the way they were sold; I was not there when they were shipped. They told me they were exported and I presume they were exported in the same way.

Q. Scherer would put down his money?—A. Yes.

Q. The shipment would be sent by rail to Sandwich or some point near there and would be taken across to Detroit by the Americans?—A. Yes.

By Hon. Mr. Bennett:

Q. Would you mind telling me who Mr. Scherer is?—A. No, I cannot tell you, Mr. Bell.

Q. Is he a companionable sort of person?—A. I cannot tell you. With whom as I speaking, to Mr. Bell or Mr. Bennett?

The CHAIRMAN: Mr. Bennett.

By Hon. Mr. Bennett:

Q. You have never seen him?—A. No.

Q. Never met him?—A. No.

By Hon. Mr. Stevens:

Q. Your company sold him some one hundred and thirty-seven carloads.

By Hon. Mr. Bennett:

Q. You do not know him?—A. No.

By Mr. Calder, K.C.:

Q. We have found only one characteristic by which we can shadow him. Do you know whether he is fond of bowling?—A. No, I could not tell you that.

Q. The only trace we found of him was in a bowling alley in Detroit.—A. Then he must exist.

Q. You never bowled with him?—A. Nobody.

Q. Was there somebody, to your knowledge, using the name of Scherer?—A. I do not know anything about that.

Q. Never heard it said by any one of the characters or officers or any one engaged in this liquor business, you never heard from anyone that somebody known to you was using the name of Scherer?—A. I could not tell you anything about Scherer at all.

Q. Do you know Mr. Bengle?—A. Yes.

Q. Who is Mr. Bengle?—A. I presume he is up in Ford; I do not know where he lives.

Q. Do you know him personally?—A. I have met him once.

Q. Is that his right name?—A. Yes.

Q. Do you know Savard?—A. No.

By Hon. Mr. Bennett:

Q. Bengle was supposed to be in Mexico at one time; he was another companionable person who shipped to Mexico, that is all he was?—A. I suppose so.

Witness retired.

JOHN BULGER called and sworn.

By Mr. Calder, K.C.:

Q. You were Secretary-Treasurer of the Dominion Distillery Products Company?—A. Yes.

Q. Do you hold any office in the Dominion Distilleries Limited?—A. The same.

Q. Secretary-Treasurer. Are you a director of the United Steamships Company?—A. I believe so. I was director when it was organized.

Q. After it was organized how long were you a director?—A. I cannot say.

Q. Can you say approximately?—A. No, I have never given it any thought.

Q. For all you know you may still be a director?—A. I may be.

Q. Who were the other directors with you?—A. That I cannot tell you.

Q. Can you tell us what the United Steamship Company was incorporated for?—A. I cannot say.

Q. Can you tell us what assets the United Steamship Company took over?—A. No, sir.

Q. Nor what ships they owned?—A. No, sir.

Q. You have not the faintest conception of what ships they owned?—A. No, sir.

Q. On your oath?—A. Yes, sir.

Q. Did the United Steamship Company deal with the Dominion Distilleries at any time?—A. Not to my knowledge.

Q. To whose knowledge would they deal, if not to the knowledge of the Secretary-Treasurer of the Dominion Distilleries and Dominion Distillery Products?—A. I do not know.

Q. As Secretary-Treasurer of the Dominion Distillery Products Company Limited did you have any supervision of the books?—A. Yes.

Q. Will you tell us why, with the extensive business done by the Dominion Distillery Products Company, so little cash went through the books of the company?—A. Mr. G. A. George handled the sales end of it and the cash also.

Q. And the cash also?—A. Yes.

Q. I daresay he did, but as Secretary-Treasurer you doubtless asked him to enter into the books what he received and what he paid out?—A. I cannot say that I have, no.

Q. That means you have not?—A. No.

Q. Tell us why, as Secretary-Treasurer of the Dominion Distilleries Corporation you did not ask Mr. Gregory George for an accounting of the money he handled for your firm?—A. Mr. Gregory George, I was working for him.

Q. You were Secretary-Treasurer of the corporation?—A. Yes, I was working for him and I did not think it my place to give him orders.

Q. Or even to inquire?—A. No.

Q. Can you tell us why the money was handled in this way?—A. No, sir.

Q. When you became Secretary Treasurer of the corporation did you open a set of books or did you order a set of books to be opened?—A. A set of books were opened.

Q. You intended that the set of books should be correct and to set forth all the business of the company?—A. Yes.

Q. There must have been a moment when you inquired from Mr. George why money was not turned in and why it was not entered?—A. No, sir.

Q. Never?—A. Never.

Q. You opened a set of books and never inquired as to the monies paid to the Dominion Distillery Products?—A. No, sir.

Q. You were never told?—A. No, sir.

Q. I will tell you frankly, I do not believe you.—A. You may not. I am on oath and I respect an oath as much possibly, as you do.

Q. I will keep you reminded of that. You opened a set of books?—A. Yes.

Q. You ordered them to be opened.—A. Yes.

Q. They were, at all times, under your supervision?—A. They were in the office.

Q. Under your supervision?—A. The book-keeper was there and keeping the books.

Q. Under your supervision as Secretary Treasurer?—A. If you put it that way.

Q. Do you put it that way?—A. Yes.

Q. You are under oath?—A. Yes.

Q. You think that is a proper statement of duties of a Secretary Treasurer? —A. It should be.

Q. Is it?—A. I do not know.

Q. You do not respect your oath.

Hon. Mr. BENNETT: I think that is highly objectionable; very objectionable from counsel, and I say that to you and there is no question about it.

The WITNESS: Thank you, Mr. Bennett.

The CHAIRMAN: You do not need to thank him.

Hon. Mr. STEVENS: Mr. Chairman, here is a witness—I do not like to get into these controversies—

Mr. CALDER, K.C.: I will, in consequence of a direction from the Committee, apologise to Mr. Bulger for—

The CHAIRMAN: You do not need to apologise at all. If you want to withdraw it is all right. We do not need to discuss that.

By Mr. Calder, K.C.:

Q. Mr. Bulger, having opened a set of books was no report made to the book-keeper of the monies received?—A. Not to my knowledge.

Q. And as Secretary Treasurer you never inquired as to the monies received? —A. No, sir; Mr. George was head of the firm and he was financing it.

Q. No explanation was ever given by Mr. Gregory George to you as to why monies coming in on behalf of the corporation, and going out should not be reported to the book-keeper?—A. Never, sir.

Hon. Mr. STEVENS: Are we going to let this witness get away with stuff like this? We have been handicapped since the beginning of the inquiry with witnesses looking into the face of counsel and laughing at him and being upheld. I do not care what Mr. Bennett or anybody else says. Here is a man comes into the stand, a Secretary Treasurer of the company and never enters any cash or any sales in the books and the witness sits there like a dummy, and says he does not know why.

The WITNESS: I did not handle the cash.

By Hon. Mr. Stevens:

Q. As Secretary Treasurer it was your duty to the company, a limited corporation, to know where every cent of it went. You know that perfectly well, and for you to sit there and pass off such a reason as that is sickening?—A. I did not handle the cash; I was working for Mr. George; working under Mr. George's orders.

Q. You were working for the Dominion Distilleries Corporation?—A. Yes, Mr. George was the man who was handling the sales and he did not—

Q. You know, as a matter of fact, it was your duty to see to the accounting for every dollar of the sales—

Hon. Mr. BENNETT: It was not.

The WITNESS: How could I?

The CHAIRMAN: We all know that stock companies are incorporated to escape liability and to declare dividends. It is only to escape personal liability that your company was formed. We are not going through the whole Companies Act of Canada. We are concerned only with the order of reference and the order of reference is: "The collection of Customs and Excise duty."

Hon. Mr. STEVENS: Here is a company doing business with the government and it has kept no record of its past, if you can beat that, I would like to know how.

By Mr. Calder, K.C.:

Q. What did you do at the Dominion Distilleries?—A. I was in the office.

Q. Doing what?—A. Looking after supplies, but my time was more taken up with W. George than with the Distilleries.

Q. What were you doing for the Dominion Distilleries in the office?—A. Paying the accounts, if the accounts were passed, looking after them, and some purchases.

Q. In connection with the office?—A. No, sir, we had a book-keeper.

Q. As Secretary Treasurer you were helping to keep the minutes? I think you stated that to me, a moment ago; the minimum of your duty as Secretary Treasurer was to keep minutes?—A. Yes.

Q. Why didn't you keep any?

Mr. DILLON, K.C.: One moment.

Mr. CALDER, K.C.: Surely there can be no objection to the question.

Mr. DOUCET: Let us hear the objection now.

Mr. DILLON, K.C.: Mr. Chairman and gentlemen the question is, why Mr. Bulger as Secretary Treasurer of the Company did consider it his duty to keep minutes.

Mr. CALDER, K.C.: I asked him whether he did not consider if the minimum of his duties as Secretary Treasurer was to keep the minutes.

Mr. DILLON, K.C.: I submit, gentlemen, if we are going—

Hon. Mr. BENNETT: Couldn't it be shortened this way:

By Hon. Mr. Bennett:

Q. Did you keep minutes?—A. We kept some minutes, yes.

Q. Why didn't you keep full minutes of the company; all of its business?—A. I cannot say that.

Hon. Mr. STEVENS: We can produce the minutes they have got; you have them there?

Mr. CALDER, K.C.: Yes.

By Mr. Calder, K.C.:

Q. Your minutes were kept on loose leaves of paper?—A. Well, the reason of that was that at the first meetings which were held, if I remember correctly, we did not have the books at the time.

Q. You got them subsequently?—A. Yes.

Q. You did not enter them up and did not keep the minutes?—A. There were some minutes kept; I would not say how long or how many.

Q. The auditors report that the share ledger was not kept to date, is that true?—A. I do not know, it may be.

Q. If it is not kept to date, can you assign any reasons for not keeping it up to date?—A. No, I cannot.

Q. Did you open an account in your own name in the Bank of Nova Scotia in Montreal?—A. No.

Q. Did you open an account?—A. Yes, sir, not since 1921.

Q. No entries were made in the account since 1921?—A. Why, there might have been; since 1921, I won't say.

Q. You were very emphatic a minute ago.—A. That I did not open it since 1921.

Q. Were there any entries in your bank account in connection with the liquor business transacted by W. George Limited?—A. In the Bank of Nova Scotia?

Q. Yes.—A. Yes.

Q. The bank account was in your own name?—A. Yes.

Q. Why should transactions of W. George Limited be in your private bank account?—A. That account was used principally in 1917 and 1918 when we were exporting or doing a mail order business and there were some people that did not want their cheques going through W. George. The money eventually was all turned over to the W. George account. It is not my—

Q. I understand. We are not hinting there was anything dishonest about it, Mr. Bulger. We are asking you why, moneys received on behalf of W. George Limited or paid out on behalf of W. George Limited should be received and paid through a private bank account of Mr. Bulger?—A. As I said—

Q. Was it to disguise the liquor transaction?—A. No, so people would not have their cheques payable to George who were doing a liquor business.

Q. Why was the bank account opened?—A. These parties had sent in these cheques and the cheques were made payable to me in small amounts and they were put into the account because they did not want them to go through their own accounts and have them endorsed by W. George.

Q. Why should cheques in payment of an account of W. George Limited be made out to you? That only displaces the question, does it not? Why should cheques in payment to W. George Limited be made out to you?—A. At the request of these parties that wanted these goods.

Q. Why?—A. I do not know. As I said they did not want these cheques endorsed and go back through the bank with the endorsation of W. George.

Q. W. George and Company were dealers in liquor and they did not want it known?—A. Yes.

By Mr. Dalton, K.C.:

Q. Did these people live in Ontario?—A. Yes.

By Mr. Calder, K.C.:

Q. It is correct to say that your account was opened to disguise liquor transactions, as far as consumers were concerned, that is correct?—A. I guess, if you put it that way.

Q. That is a correct way to put it?—A. Yes.

By the Chairman:

Q. These customers were residing where, Ontario?—A. Yes.

Q. And other provinces?—A. Mostly Ontario. I do not know of anybody outside Ontario; I do not know of any.

Q. This George family came from Ontario?—A. Yes.

Q. And were known through the province as liquor dealers?—A. Yes.

By Mr. Calder, K.C.:

Q. Mr. Bulger, is there a W. George agency in St. John, New Brunswick? —A. Not at the present time.

Q. Was there?—A. Yes.

Q. Where are the books of the agency?—A. I do not know that.

Q. Did you ever keep them?—A. No, sir.

Q. Who kept them?—A. I do not know as there were ever any books kept.

Q. Was there a St. George Import and Export Company in St. Pierre-Miquelon?—A. Yes, sir.

Q. Who kept the books of that firm?—A. I think they were kept in St. Pierre; I do not know anything much about them.

Q. Were there any books?—A. I could not say.

Q. Was there any real St. George Import and Export Company, or was it a name for shipping?—A. I understand there was a company; a firm down there.

Q. Were not these books habitually kept in the Montreal office of the St. George Import and Export Company and W. George Agency in St. John?—A. Not that I know of.

Q. Now, Mr. Bulger, who made the sales tax returns?—A. The book-keeper.

Q. You signed them as Secretary Treasurer?—A. I may have.

Q. You may have; did you?—A. I may have; I am not positive of it, maybe I did. If I could see one I will identify it.

Q. I am instructed Mr. Nichol made the sales tax return. Will you look at Exhibit 186, which comprises an invoice of the Foreign Department of the Dominion Distillery Products Company; a declaration for the Customs on the part of the Dominion Distillery Products Company, which invoice is signed by the purchaser, a bank deposit slip and another invoice for a similar sum covering same goods on which it has been proven that the sales tax was paid?—A. Which were paid?

By Hon. Mr. Bennett:

Q. The point we are making, Mr. Bulger, is this; you invoiced the Customs at $507?—A. Yes.

Q. You entered the goods for export at $507?—A. Yes.

Q. You gave a receipt for $507, and you deposited $507 in the bank?—A. Yes.

Q. And then you present the Government of Canada with an invoice for the same goods, for $200 and you pay the sales tax on th unt. Will you explain that, as Secretary-Treasurer?—A. Well, the only explanation I have is that I did not make these; this transaction was made by Mr. George. His signature is here.

Q. Which Mr. George?—A. Mr. G. A. George, his signature is there.

By Hon. Mr. Stevens:

Q. That is the Mr. George who is now in Europe?—A. Yes sir. I can not explain it to you.

By Mr. Calder, K.C.:

Q. As Secretary-Treasurer, did you know, from year to year, the turnover and sales tax paid on it?—A. No, I can not say that I knew.

Q. You can not say whether you knew or not?—A. I did not know.

Q. That is better.—A. You mean the amount of sales tax we paid?

Q. I did not ask you whether you know now; I asked you if you knew, as Secretary-Treasurer, from year to year, the sales you made, and the sales tax paid on them?—A. If I—

Q. Leave this out of the question for the time being.—A. If I am right, we did not include the sales tax in the duty. You do not pay sales tax on duty on the goods; when you pay the sales tax, you do not pay the sales tax on the duty, I think I am correct and that is possibly why that is made out.

Q. Is that sales tax paid on the price paid by the customer?—A. I do not think so.

Mr. DILLON: It is on the manufacturer's cost, I think.

WITNESS: You do not pay sales tax on duties.

By Mr. Calder, K.C.:

Q. Do not you pay sales tax—

Mr. DONAGHY: We have Mr. Nash here. I made some criticisms of this auditor's report before; here is an angle which has come up in this matter; if this witness' explanation is proper, why waste time. The auditor should know whether it is paid on the duty paid price, or without the duty paid price. If it turns out to be true, as the witness contends, I will have something to say about this report.

Mr. NASH: Sales tax is payable on the duty value.

Mr. DONAGHY: We have the auditor's report in which it is stated that these people were cheating the Government, of the amount mentioned.

Mr. NASH: I do not think that a member of the Committee should make a statement like that about the auditors. Here is the report. The statement by the witness is not proven whatever.

Mr. DONAGHY: I am asking you about the principle.

Mr. NASH: I have answered your question.

Mr. DONAGHY: What is your answer?

Mr. NASH: My information is that the sales tax is paid on $507.

Mr. DONAGHY: Who gave you the information?

Mr. NASH: A member of the Department.

Mr. DONAGHY: Who, in the Department?

Mr. NASH: I will find out the name. I object to a member of the Committee making these remarks about the auditor's report which is before the Committee.

The CHAIRMAN: The witness can not tell whether it is right or not. Call Mr. Taylor, if you want to find out.

By Mr. Calder, K.C.:

Q. For the present, your explanation is that the sales tax is paid on the price paid by the customer, from which the duty has been deducted?—A. That is what I believe.

Q. Let us test that out. What is the duty on spirits?—A. $9, I believe, per proof gallon.

Q. We will test out this theory by this very invoice; you sold 20 gallons of Dominion malt at $25 per gallon; will you deduct $9 from that now?—A. Yes sir.

Q. How much would that make per gallon?—A. $9 from $25 would make $14.

Q. $13.70 is the amount charged?—A. This must be proof gallons.

Q. It is the same gallons?—A. It does not matter whether it is the same gallons in measure.

Q. You are invoicing one gallon at $25?—A. Yes sir.

Q. And you are paying on the same number of gallons?—A. Yes.

Q. At $13.70?—A. That may be, it may not be proof strength.

Q. You will have to explain that to me as I do not understand it?—A. I can not explain it any more than to say that if the duty on proof gallons were ten under, or ten over, or five under, or fifty over proof; we do not pay on the gallon by measure.

Q. We will leave that for the time being, until the point is cleared up.

By Hon. Mr. Bennett:

Q. Who hired you?—A. When I first started to work?

Q. Yes.—A. Mr. Leo George. No, I can not say that it was Mr. Leo George, because when I first started for the George Estate I was hired by Mr. Gorman.

Q. Where did you work?—A. I first worked at Killaloe, Ontario.

Q. When did you go to Montreal?—A. I was there in the fall of 1916 for a couple of months, and went there in the spring of 1917.

Q. And you have been there ever since?—A. Yes sir.

Q. Who has been your—if I may use a colloquial term—boss?—A. Mr. G. A. George.

Q. The one who is away?—A. Yes, he is away at the present time.

Q. Who is your immediate superior now?—A. Mr. Leo George.

Q. Have you read the auditor's report?—A. No sir, only what I saw in the paper.

Q. You have not read it yourself?—A. No sir.

Q. Well, certainly the banking business has been very loosely conducted, to use a very mild term; have you any explanation to offer as to why it was done in the way in which it was?—A. No sir. Mr. George handled it himself, I did not have anything to do with it, and I could not make Mr. George give me an accounting for transactions he made.

Q. If you did, your job would not last long?—A. Possibly not.

Q. It would appear that the records of the company are very incomplete, that some of the books have gone?—A. None gone that I have any knowledge of.

Q. Well, now, there is some evidence that the books looked as if they had been recently written up; what do you say as to that?—A. There was one book which I think was a journal, when Mr. George got his subpeona the first time—

Q. In February?—A. Yes sir. I spoke to the bookkeeper, I think it was on the Tuesday or Wednesday.

Q. You spoke to Mr. Nicol?—A. Yes sir. I spoke to Mr. Nicol and I asked him if all the books in the Dominion Distilleries were written up to date. He said they were except this one journal. He had this on a loose-leaf, he had not put it in the book, or in book form. The reason for that was that they were reorganizing the company and the Dominion Distillery Products Company was to have been taken over by the Dominion Distillers, Limited; and in that way it was—well, he just neglected putting it in book form. I told him these books would have to be ready to go to Ottawa on Friday or Saturday next, which I think was in two days, and to immediately enter up all the books in book form, which he did.

Q. Who did?—A. Mr. Nicol.

Q. You say that was done?—A. I spoke to him and told him to do it, sir.

Q. Did you compare the book thus written up with the original entries to which you have referred?—A. I did not, sir.

Q. Do you know whether it was done or not?—A. I cannot say.

Q. There is some evidence here, on page 3, item 7, about buying a binder for this book, or one book, in February of 1926, after this investigation started? —A. I cannot say as to that, I don't know whether he had the binder then, or bought it at the time.

Q. At any rate, you did not buy it?—A. No sir,

Q. You saw the binder there?—A. He had the binder.

Q. That is, Nicol had the binder?—A. Yes sir.

Q. You have the steamship company; W. George, Limited; Dominion Distillery Products; and what other company?—A. That is about all.

Q. Then you had a company down at St. John?—A. Was there for a while.

Q. And one over at St. Pierre?—A. There was a company; I don't know anything much about it; I never had dealings with it.

Q. To put the matter briefly; you recognized from the start that what you were dealing with was the liquor business?—A. Yes, my end of it was mostly the grocery end of it.

Q. You have a wholesale grocery store?—A. Yes sir.

Q. You surely must keep books a little different from this?—A. Yes, the auditors told me that the books of W. George were in first-class shape.

Q. That is the grocery store?—A. Yes sir.

Q. Now you realize that it was generally recognized by everybody among you down there that this sort of business was one in which you had to take chances, and you were trying to sell stuff wherever you could get a market?—A. Why yes.

Q. There is no doubt about that?—A. Yes. We sold wherever there was a market for it.

Q. Mr. Hushion had a feed store, you had a grocery store, and you had the distillery on the Lachine Canal?—A. Yes sir.

Q. And sometimes a load of pressed hay and straw was put in the car on the outside, and that was filled in with liquor, to get it out of the country?—A. Not to my knowledge.

Q. You had nothing to do with loading it up?—A. No, sir.

Q. Were you looking after the grocery business too?—A. Yes.

Q. You say, the auditors told you that these books are quite satisfactory?—A. Yes.

Q. I suppose it is not too strong a word to use to say you looked upon this as a questionable business, the liquor, a risky business?—A. I suppose, yes.

Q. There is no doubt about that?—A. Yes.

Q. Did you familiarize yourself with the methods that were used to get business?—A. No, sir.

Q. How it was shipped out?—A. No, sir.

Q. It appears, in some cases, you received money and ran it into your own bank account and you gave a particular reason for that?—A. That was, when the mail order business was in force.

Q. Then, what you did was to look after the grocery business and do such work as Mr. George told you to do?—A. Yes.

Q. In other words, you were his hired man?—A. Yes.

Q. He was your boss?—A. Absolutely.

Q. Do you know anything about denatured alcohol?—A. No, sir.

Q. You had nothing to do with that?—A. Absolutely.

Q. That was not in your province?—A. No.

Q. How many times have you been to the distillery?—A. I have been there two or three times; I do not think I have been there half a dozen times since it was organized.

Q. It used to be an old mahogany veneer building?—A. Yes.

Q. Did you take any part in the purchasing of alcohol?—A. The purchasing of alcohol; I believe I—I did, yes sir.

Q. Did you have to do with the barge Tremblay cargo?—A. No, sir.

Q. What alcohol have you had a part in buying?—A. I ordered some alcohol from the Commercial Alcohol.

Q. What company is that?—A. Well, I do not know; it is the Commercial Alcohol Limited.

Q. Montreal?—A. Yes.

Q. What did you buy alcohol for?—A. The plant.

Q. For the distillery?—A. Yes.

Q. Did you make the bargain?—A. No, I called them on the 'phone and asked them to ship. I think Mr. George told me.

Q. It was on his instructions?—A. Yes.

Q. You told them to ship alcohol to the distillery?—A. Yes.

Q. The returns of the auditors indicate the business of these entries amounted to millions of dollars altogether, and you have Mr. Nichol there as bookkeeper? —A. Yes.

Q. You say you gave part of your time to the grocery business, which the auditors have said is all right; it seems to have been common ground, but they kept as few books as possible in connection with the distilleries?—A. I thought they were a properly kept set of books.

Q. The books are there and there does not seem to be many entries.—A. I thought they were all there.

Q. Books were there?—A. Yes.

Q. There do not seem to be many entries.—A. The sales end of it, Mr. George kept for himself. He kept them from me and no doubt he kept them from the bookkeeper too.

Q. You knew nothing of the volume of the business of the company?—A. No, sir.

Q. You got no dividends from the enterprise?—A. No, sir.

Q. You got a salary?—A. Yes, sir.

By Mr. Donaghy:

Q. I want to ask you about the sales tax. Just take that file please. You have before you there an invoice of goods?—A. Yes.

Q. Sold by the Dominion Distilleries to one—.—A. To Mr. Burley.

Q. Address?—A. Massena, New York.

Q. Is there a copy of the export entry there?—A. Yes, sir.

Q. It was exported from New York?—A. Yes, sir.

Q. Can you tell me whether or not there is any sales tax payable on goods made in Canada and exported from Canada?—A. There is no sales tax.

Q. No sales tax at all?—A. No, sir.

Q. That is the first time we have had that called to our attention. Turn up your sales tax slip. Can you give us any explanation why you are paying any sales tax when there is none payable?—A. I cannot. I did not have anything to do in that transaction and cannot explain it. I did not know myself, until a short time ago, and I cannot say how long after there was no sales tax on Excise.

Q. What is that?—A. I did not know until recently there was no sales tax on Excise for export.

Q. How long ago is that you found out?—A. I cannot say; I heard them discuss it.

Hon. Mr. STEVENS: Where was this exported; their export entry will show?

By Hon. Mr. Bennett:

Q. What date is that?—A. July 28th, 1925.

By Mr. Doucet:

Q. To what Canadian port of exit?—A. Direct from Montreal.

Q. To where?—A. Montreal.

Q. What was the Canadian port of exit?—A. Montreal.

By Hon. Mr. Stevens:

Q. What boundary points?

By Mr. Donaghy:

Q. Was it going by rail or water, or how?—A. It says direct from Montreal by water.

By Hon. Mr. Stevens:

Q. Up the lakes?—A. Possibly, up or down.

Q. There is a regulation, is there not, that on Canadian liquor exported from any lake and river points it must be Excise duty paid?—A. There is a regulation that these goods must be Excise and duty paid?

Q. Yes, all of them?—A. I do not know. I am not familiar.

Q. There is a letter of Mr. Taylor's or Mr. Farrow, and Mr. Taylor will tell you that, or anybody. That is correct, is it not?—A. I could not say; I do not know. I have never had an awful lot to do with the exporting of them.

By Mr. Donaghy:

Q. Now, it is quite clear; I think Mr. Stevens is quite right, Excise has to be paid if it is going to the States. What I am talking about is the sales tax.—A. Yes.

Q. That is what I want to make clear; the liquor being sent by the lakes to the United States, excise duty has to be paid?—A. Yes.

Q. I am talking of the sales tax and I am asking you whether in a case of that kind there is no sales tax payable at all.—A. On goods for export?

Q. Yes.—A. From what I am told, there is not.

Mr. NASH: I think I can help to clear it up. We took the point up especially with Mr. Taylor, and I think, Mr. Taylor being here, will confirm what I say that goods sold and paid for in Canada are liable for sales tax; sold and paid for in Canada.

The WITNESS: Not for export.

By Mr. Dillon, K.C.:

Q. Just a moment. You told us you heard the question of sales tax on exported merchandise being discussed recently; some time ago?—A. Yes.

Q. By officials of the company?—A. Yes.

Q. What was the purport or the intention of that discussion?—A. Well, I do not—

Mr. CALDER, K.C.: Is this not hearsay?

Mr. DILLON, K.C.: Yes.

Mr. CALDER, K.C.: Let us have the same sauce for both parties.

By Mr. Dillon, K.C.:

Q. I will change the question. Do you know of your own personal knowledge if the company intended to make a claim against the government of Canada for reimbursement of sales tax which they had paid?—A. Yes, I know that.

Mr. CALDER, K.C.: How can he know that, when he knows nothing else about the company?

By Mr. Dillon, K.C.:

Q. Do you know if the merchandise covered by the papers you have in your hand were duty paid?—A. They must have been or we could not take them out of the plant; there was an Excise Officer there.

Q. Up to the time discrepancies were found in the accounts of Mr. Nichol, did he have the entire confidence of Mr. George and yourself as your bookkeeper?—A. Absolutely.

Witness retired.

G. W. TAYLOR recalled.

By Mr. Donaghy:

Q. You are already sworn?—A. Yes.

Q. Now, there are two points that have arisen this morning. The last witness made the suggestion that sales tax was not on the duty paid value of the goods; in other words on the general value we do not take duty?—A. The law as I recall it is, the tax is payable on the duty paid value when the goods are entered for duty.

Q. You are speaking of sales tax?—A. Yes.

Q. Payable on the duty as well as—A. On the duty plus the value of the goods.

Q. In connection with the other matter, whether the sales tax is payable at all or not upon goods manufactured in Canada and sold, exported from Canada, what would you say as to that?—A. The sales tax is not payable on goods which are exported in bond out of Canada.

Q. Payable on goods which have duty and Excise paid in Canada and then exported in Canada?—A. Tax would be payable when they are entered for duty. The question of refund of the tax upon satisfactory proof of export would be one we would consider.

Q. Take spirits, for instance, is there any duty at all on these goods, where it is manufactured in Canada?—A. Yes.

Q. Upon goods manufactured in Canada; take for instance, alcohol, Excise tax paid here and then exported to a foreign country, is there any sales tax payable on the transaction?—A. Yes.

Q. They pay a sales tax; it is payable; it is collectable.

By the Chairman:

Q. Is the liquor trade like any other merchandise?—A. It is collectable on the goods but a refund may be made by a satisfactory proof of export; if satisfactory proof of export is furnished.

Hon. Mr. BENNETT: There is no sales tax on goods exported.

Mr. DONAGHY: We happen to know about automobiles.

Hon. Mr. STEVENS: We are not dealing with automobiles.

The WITNESS: Excise on goods manufactured for export—I am sorry I have not a copy of the Act here. All goods manufactured for export and proven, the sales tax will not be payable.

By Mr. Donaghy:

Q. That is what you meant to say to me in the first place?—A. Quite so.

By Hon. Mr. Stevens:

Q. On liquor manufactured in Canada, released from bond, excise paid, and shipped to the United States via lake ports, is there a sales tax payable on that liquor?—A. It would depend on whether or not the sale was made in Canada.

By Mr. Calder, K.C.:

Q. And the money paid here?—A. And the money paid here.

By Hon. Mr. Stevens:

Q. Mr. George, this morning, told us the way they did; the money was planked down, and they forwarded the liquor to the United States; in that case would the sales tax be payable in Canada?—A. No, I do not think so.

Q. How do you get proof of export to the United States?—A. That varies; it may be exported in bond. In the event of being exported in bond we get the form "Customs Landing Certificate" as evidence that the goods went out of the country.

Q. You do not allow export in bond?—A. Yes, sir, we do.

Q. Do you allow export in bond from lake ports?—A. If going out of Canada to a port other than the United States.

Q. The question I asked you is this; on liquor taken out of bond, excise paid at the distillery, then exported to the United States via lake and river ports; again I ask you; is there a sales tax to be paid on the export of such liquors?—A. It would depend on whether or not we were furnished with proof of export, of the liquor.

Hon. Mr. STEVENS: I do not like to argue with you.

By Mr. Donaghy:

Q. If you were furnished with that proof, would there be any sales tax payable at all?—A. If we were furnished with satisfactory proof of export.

Q. Is there any sales tax payable to Canada?—A. There would not be in that case; if we were furnished with satisfactory proof of export.

Hon. Mr. STEVENS: I wrote a letter to Mr. Farrow about this, and received his reply, reading as follows:

"With reference to file No. 126394, March 26, 1926,
Honourable Mr. STEVENS,
Customs Committee Room,"

He refers to a motion I made regarding Mexican landing certificates, and says —I will not read the whole letter but just the part referring to this point. (Reading):

"All liquors exported from lake or river ports in Ontario are duty paid liquors, and that being so, no foreign landing certificates are required by law; and there are none to produce."

By Hon. Mr. Stevens:

Q. As a matter of practice, you can not get a landing certificate from the United States ports, can you?—A. No.

Q. And, therefore, you insist that the exporter, distillers, and others, shall pay the excise on all liquors alleged to be going to the United States; and now I ask you, on such liquors, do you exact sales tax?—A. I believe so, unless we get satisfactory proof of export.

Q. I wish you would leave that off, because you have just told me that you can not and do not get satisfactory— —A. You are not right there.

Q. On export of liquor to the United States?—A. You are not right there. We have, in the regulations, a foreign customs landing certificate, which is not the only requisite; liquor may be exported under an export entry on the certificate of the officer at the point of exit showing that the goods have been cleared from Canada.

Q. Let me ask you this—

By Mr. Donaghy:

Q. If you get that certificate, do you collect sales tax?—A. I believe not; I am not quite certain of that, but I believe not.

By Hon. Mr. Stevens:

Q. Do you refund that excise?—A. That is a question for consideration.

Q. Do you mean to say that you do refund excise?—A. Not excise; you are talking about sales tax.

Q. Do you refund excise in such cases?—A. The Excise Department?
Q. Yes, in the Excise Department?—A. We certainly do not.
Q. You treat it as domestic liquor?—A. Yes.

By Hon. Mr. Bennett:

Q. It seems clear that there can not be export of liquor via lake ports to the United States because the laws of the United States forbid the importation of it?—A. Yes, it is for that reason that liquor can not be imported in bond to the United States; we can not get a foreign landing certificate.

Q. If, as the law stands, a man may go to the Customs and clear ten cases of Scotch whiskey for the United States, knowing the United States can not permit the importation, that is an anomaly?—A. That is the situation.

Q. As I understand it, if you had evidence that made it clear that whiskey was, we will say, at Midland, destined for Chicago, you may rebate the sales tax?—A. Yes, if we have satisfactory evidence as to the destination of the liquor.

Q. That is the stand of your Department?—A. Yes, sir.

Q. In some instances, you have collected the refund?—A. On some classes of goods, yes. But on the ordinary class of merchandise we frequently refund, under those conditions.

By Mr. Doucet:

Q. I believe you said a moment ago, that the sales tax is collectable on goods manufactured in Canada, if sold in Canada?—A. Yes.

Q. Supposing Tom Brown goes to the Dominion Distillers, planks down the cash for a carload of whiskey, in Montreal, do you consider that is a sale made in Canada?—A. Absolutely.

By the Chairman:

Q. For export to the United States?—A. Mr. Doucet did not say that.

By Mr. Calder, K.C.:

Q. He pays the money over the counter, gives the order in Montreal, and says that this car is to be shipped to Detroit?—A. The tax is applicable.

By Mr. Doucet:

Q. And it has been applied in all cases of shipments to Montreal, so far, has it not?—A. In all cases where the sale is made in Canada, without regard to its destination, the sales tax would apply.

Q. And has applied?—A. Yes, has applied.

Q. And has applied to the duty value of the goods?—A. To the duty paid value.

Mr. DOUCET: That is clear now.

The CHAIRMAN: It may be clear for your own example, but not for the purposes of this Committee.

The Committee adjourned until 3.30 p.m.

AFTERNOON SITTING

The Committee resumed at 3.30 p.m., the Chairman, Mr. Mercier, presiding.

The CHAIRMAN: Order. Mr. Cooper.

Mr. CALDER, K.C.: There were a few questions I wanted to ask Mr. Bulger.

JOHN BULGER recalled.

By Mr. Calder, K.C.:

Q. Mr. Bulger, do you know anything of the way the denatured spirits were treated?—A. No sir.

Q. Not at all?—A. No sir.

Q. Mr. George told us you were probably the one who could tell us about that.—A. I don't know anything about it sir; I never was at the plant.

Q. And do you know anything about any blending that was done on the Stockelbach formula?—A. I do not know anything about it, no sir; I never was there.

Q. You know that your company purchased and paid for box after box of the essential essences to carry out the Stockelbach formula?—A. Yes, there was some stuff like that coming in.

Q. That was used?—A. I cannot say. I believe there is some of it around the plant yet.

Q. There would not likely be more than one box left. You purchased it by the individual box as necessity arose, so there is not likely to be more than one box on the premises?—A. I cannot say. There would not be, so far as I know.

Q. So you know nothing about that at all?—A. No sir.

Q. Who would know about that?—A. I cannot say; I never was at the plant.

Q. Without having been at the plant, who would know, if anybody knows? Who was at the head of the operations of the plant?—A. Mr. Paquette was the man who was at the head of it.

Q. Mr. Paquette was in charge of the plant?—A. Yes.

Q. On the Lachine Canal?—A. Yes sir.

Q. And he would know all about the denaturing and the blending, or should? —A. I should think so.

Q. What is Mr. Paquette's first name?—A. Alex.

Q. Do you know his address?—A. No, I do not.

Q. Could he be reached by writing to the Dominion Distillers Limited?—A. I think so.

Q. Still in their employ?—A. Yes.

Mr. CALDER, K.C.: That is all.

The witness discharged.

JAMES COOPER called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Cooper, you were a director of the Dominion Distillery Products Company Limited?—A. Yes sir.

Q. Are you a director of the Dominion Distilleries now?—A. No sir.

Q. The investigation by the auditors showed that you made payments to Walker for whiskey shipped to one Scherer?—A. Yes sir.

Q. At Detroit?—A. Yes sir.

Q. Do you know Schere?—A. Yes sir.

Q. What are his initials?—A. "G." Gadford.

Q. Where is he living?—A. He is living all over the States; he is a jobber in whiskey; he was originally a Detroit man.

Q. He is a jobber in whiskey?—A. Yes.

Q. He has no fixed residence?—A. No. He comes to Detroit quite often, though; he is now in Miami, Florida.

Q. Invoices for goods shipped were made out to Scherer in your care. Where would you reach Scherer when you wanted liquor to be delivered to him?—A. He or his agent would come to Detroit on a telephonic message from myself.

Q. Then you knew where to reach him by phone?—A. Yes; occasionally.

Q. Where?—A. At the Statler Hotel, Detroit, Michigan.

Q. Will you tell us what the operation was generally, in which purchases from Hiram Walker & Sons, of Walkerville, made by you for Scherer were handled, after you had made the purchase?—A. How they were handled after I had made the purchase?

Q. Yes. What were the various steps of the handling?—A. I would get an order from the States—from Detroit, or perhaps other places, and I would place the order through Hiram Walker & Sons for their goods, if it was so specified. If it was for Scotches, I would order from Montreal, and we would order that car, and Walker's would ship it in their general manner, according to our shipping instructions.

Q. What would those shipping instructions be, as a rule?—A. They would have to go to the Dominion Distillery Products Company, of Montreal, under a ruling from the Department.

Q. A ruling from the Department that they would have to go there first? —A. Yes sir, in care of the Collector of Customs at Montreal.

Q. Why was that?—A. Well, because it was more legal—or, it was a legal way, not more legal, that it had to be. One distillery had to have the spirits. Walkers could not sell to our distillery without sending it in to the distillery.

Q. Without sending it direct into the distillery?—A. Yes sir; made by a ruling by Mr. Taylor, I think it was.

Q. There was no thought ever arising of selling it to Scherer direct, and shipping it to him?—A. If it could have been arranged, it would have been a nice thing; it would have saved seventy cents in cost, thirty-five cents down, and thirty-five cents back.

Q. What is the objection to doing that? We have heard it is perfectly legal, as far as this government is concerned, to ship to the United States?—A. Hiram Walker's have always held that they would not allow their whiskey to be sent direct in their name to the United States, or to Mexico, or to any other place.

Q. In their name?—A. Yes, sir.

Q. A third person had to be interposed?—A. Yes, sir.

Q. Did that originate with Walker or yourself?—A. With myself, sir.

Q. It originated with yourself?—A. Yes, sir.

Q. Did you suggest it to Walker's?—A. I went to them and told them I had a distillery license, or was interested, and would like to ship whiskey. I had been selling for them—

Q. Did you have a distillery license before you made this suggestion?—A. No, sir, I know we had other places to ship to.

Q. Did you have a distillery license before you went to Walkers and suggested this would be a good way of getting around the difficulty of shipping direct?—A. Did we have a distillery license?

Q. Before you made the overtures to Hiram Walker in regard to shipping in this particular way?—A. Yes, we had a distillery license.

Q. A Dominion distillery license?—A. The Dominion Distillery Products Company.

Q. Was that incorporated for the purpose of carrying out this scheme of getting around the difficulty?—A. No, sir. We thought the time was ripe to start a distillery.

Q. Were you buying on your own account, or were you acting as agent for Hiram Walker?—A. We were buying on our own account, as all the goods will show you.

Q. So that what there was in it for you were profits?—A. Yes, sir, that might arise.

Q. But not commisssion, as was stated here earlier in the inquiry?—A. I would not know what was stated—

Q. At the beginning of the inquiry, somebody—I think it was one of the Messrs. George—testified that what there was in it for the Dominion Distilleries was a commission; that they were acting as agent. Now, you say they were buying themselves, and taking a profit.—A. If you will let me explain it in my own way, Mr. Calder, I will enlighten you.

Q. Go ahead.—A. When I went to Mr. George with that proposition, I said "Some of my old customers"—I had been in the liquor business some ten years—"would gladly buy some Walker's whiskey, and we can get it if we can have the use of the license at the certain prices, if I will have a certain amount of commission, or the buyers will allow you a certain amount of commission"—because it was not our product. So we agreed, whereby the Georges were to take one dollar for the use of this license.

Q. Do you mean the Dominion Distillery Products or the Georges?—A. Yes, the Dominion Distillery Products—the Georges, practically.

Q. Was the arrangement between you personally and Hiram Walker, or between Hiram Walker and the Dominion Distilleries?—A. I was a director in the Dominion Distilleries, and I guess I was influential in doing it on account of my past record with the Walkers.

Q. Then you were acting for the Dominion Distillery Products?—A. Yes.

Q. Then, was the Dominion Distillery Products buying the goods and reselling at a profit, or acting merely as agents?—A. They were buying and selling them at a profit of one dollar, plus mine. I put in mine, too.

Q. A fixed profit of one dollar?—A. Yes.

Q. And not a commission?—A. Mine was a commission. There was an agreement by arrangement with Mr. George.

Q. What was coming in was a profit and not a commission?—A. Well, if you say so—

Q. I don't say so. I am trying to find out the facts.—A. It was a profit as much as a commission. They agreed to accept one dollar profit on each case, sir.

Q. What did the Georges get out of it? What did W. L. George and others get out of it?—A. A dollar.

Q. What did the Dominion Distillery Products get out of it?—A. No profits have ever been divided among the Dominion Distillery Products, but we were going to allow that dollar to go to the three Georges and Mr. Hushion.

Q. And— —A. And eventually it would be charged up to them, twenty-five cents apiece.

Q. How were the profits of the business handled? Was there a common fund into which they were put?—A. I would not know that, sir.

Q. Well, it has been discovered here by the auditors that Mr. G. A. George, strangely enough, handled these funds through his savings account. Is that correct?—A. I would not know, but he was the only one with whom I ever did any business in the distillery.

Q. Whatever was coming to the Georges and Mr. Hushion, you sent to G. A. George?—A. Yes, in care of the Dominion Distillery.

Q. But you addressed it to Mr. G. A. George, and not to the Dominion Distillery?—A. No, sir, I would not say that.

Q. To whom were the remittances made out?—A. George and Company, G. A. George, Dominion Distilleries—their offices were all at the same place. Their letters all went to one address.

Q. I understand that, but with whom were you dealing?—A. With the Dominion Distilleries, sir.

Q. Did you make your remittances to the Dominion Distilleries?—A. No, I don't think so; I think I sent them to the Estate George.

Q. Not to Mr. Gregory George personally?—A. No, sir.

Q. After the remittances were made, you don't know how they were handled?—A. No sir, only as to his agreement with me that they would be handled that way.

Q. I am instructed that you have a mortgage on the following boats, the Frank H., the Bernard M., and the Glen Ellen.—A. The Glen Ellen was sold outright a year ago.

Q. To you?—A. I owned it.

Q. You owned it?—A. Yes, and sold it to some shipping firm in Belleville. It was only used sixty days for one trip to St. Pierre-Miquelon.

Q. What about the Bernard M.?—A. I had a mortgage on that.

Q. Have you still got it?—A. I don't think so; it still lies, with Mr. Gregory George.

Q. He is the man who can tell us how the matter stands?—A. He would be the only man I did business with, and necessarily the only man who would tell you, sir.

Q. Who were the owners of the Bernard M. and the Frank H. on which you had mortgages?—A. I don't know.

Q. You do not know who your mortgagors were?—A. No sir, I could not say right offhand; this was three or four or five years ago.

Q. Have you any records to which you can refer?—A. No, sir.

Q. Where are they?—A. At St. Pierre-Miquelon.

Q. Mr. Cooper, do you not really remember who owned these ships?—A. No sir, I do not.

Q. Was it the United Steamships Company?—A. They were transferred to them at one time.

Q. At what time were they transferred?—A. To the best of my memory, about three years ago.

Q. 1923?—A. I would not swear to that.

Q. If you cannot swear to it, tell us approximately.—A. About three years ago.

Q. Were they transferred back again?—A. To other people, I think.

Q. When?—A. Around the same time—to some people at St. Pierre. They wanted them transferred.

Q. So the United Steamship Company just took the boats and transferred them immediately to somebody else?—A. I would not so swear, sir. I will say about that time. I think they did. In fact, I would not swear to it, sir. There were a lot of changes, as you will find in further evidence.

Q. Who is the efficient official—the man of influence for the United Steamship Company?—A. Acting as agent? He was G. A. George.

Q. Did you have any connection with the boat Killarney?—A. No, sir.

Q. It was used frequently in these shipments, was it not?—A. Very much so, sir.

Q. What is its port of register?—A. Detroit, Michigan.

Q. It never went to Mexico?—A. No, sir.

Q. The shipment made from Lake ports to Mexico, Havana and Japan, were intended to camouflage shipments to the United States?—A. They were.

Q. Were there any of these ships, the Frank H. and the Bernard M. plying to the American rum row?—A. Yes sir, the Bernard M.

Q. Was the Frank H. at any time you have personal knowledge of?—A. Not to rum row New York, but there are other rum rows.

Q. There is a Maritime rum row?—A. No sir, I would not know anything about Maritime rum rows. It is the American rum rows I am talking about. We respected the laws of Canada. We obeyed the laws of the Maritimes, Ontario, Quebec and all the provinces, and the Dominion laws too, sir.

Q. Did the Frank H. and Bernard M. never take on cargoes to St. Pierre-Miquelon and then return distributing it along the Maritime coast?—A. They never did, sir.

Q. There are certain insurance policies showing that those ships were insured, I think in one case from Montreal to St. Pierre-Miquelon and back again to Halifax.—A. Yes, sir.

Q. And then the insurance on the cargo ceased.—A. Because you couldn't get no insurance to rum row. You bought insurance as far as you could, insuring your goods naturally both ways.

Q. So that we must take it that the plan of voyage was from Montreal or Walkerville or whichever port it was, to St. Pierre-Miquelon, thence to Halifax and thence to rum row?—A. Necessarily by Halifax to get coal and stores only.

Q. So that if any of these ships arrived in ballast at Halifax it did not distribute its cargo at rum row?—A. Never a dime's worth of our goods.

By Mr. Donaghy:

Q. At what rum row?—A. The American 'rum row' I should have said. I answered too quickly, sir, I know.

Q. I mean, a ship is chartered, loaded, insured, with its cargo from a lake or river port in Canada to St. Pierre-Miquelon and back again to Halifax. Your statement is that that was done because you proceeded from Halifax to the American "rum row" and you could get no insurance.—A. That is the truth, sir.

Q. Is it not the fact that at that time Lloyds were insuring ships even when they went to rum row?—A. We never bothered about Lloyds, sir. We were a small concern.

Q. I think nothing is too small for Lloyds.—A. Well, I say we didn't bother about Lloyds and that is the first I ever knew, in fact, Mr. George attended to all that and if he was satisfied to risk the cargo from that on, it was quite all right.

Q. If a ship from St. Pierre Miquelon to Halifax arrived in ballast in Halifax—this is hypothetical; I may say we have not found out whether that is true or not—if it arrived from St. Pierre Miquelon at the port of Halifax in ballast, it must either have been diverted to the American " rum row " and come to Halifax or else the cargo must have been distributed along the Canadian " rum row ".—A. I have answered you that no goods belonging to any part of the St. George Export and Import, or the Dominion Distilleries Products Company or any part of the Georgian Company ever disobeyed or broke a law of the Dominion of Canada, smuggling or otherwise, sir; as will be so proved before you are through. I have that much faith in Mr. George.

Q. I hope he will be here to prove it.—A. Perhaps he will. The man is an ill man, real sick.

Q. Mr. Cooper, we had a concrete case and I want it cleared up. It is mentioned in the auditor's report. A vessel, I think, left one of our Lake

ports for Halifax and it cleared for St. Pierre Miquelon with a cargo of liquor. On its return voyage it cleared from St. Pierre for Halifax.—A. I read that in the report this morning.

Q. The impression we get from the Auditors report is that the liquor got into Canada from St. Pierre Miquelon without paying duty.—A. The auditor would know a lot more than the people at Halifax, the Customs of the Dominion of Canada, or he would know more than the supercargo who is summoned to testify here and will testify honestly.

Q. Did it get into Canada?—A. No sir, it went to New York. The ship did call at Halifax, as you will see in the records of the Department of Customs at Halifax.

Q. The government of Canada will not be defrauded of anything then?—No sir.

By the Chairman:

Q. I suppose you stopped at Halifax for coal.—A. Coal and provisions. Each time they had to do that.

By Mr. Calder, K.C.:

Q. There were certain shipments from St. Pierre to Fort William and Port Arthur which were insured. For instance the steamship Jean Mack, Montreal to Port Arthur; the steamship Frank H., St. Pierre to Fort William; the Frank H., St. Pierre to Port Arthur. Those are the ones I mean. How would those cargoes be disposed of, Mr. Cooper?—A. Well, you have mentioned three shipments, but in the report that I saw everyone was named at Walkerville. The insurance only went as far as Walkerville.

Q. I am naming those. I have not got the actual report on my hand.—A. Wouldn't it be fair to have the actual report as against the terrible report that it is and all false as will be so proved. The auditor would have made a better Captain than he would an auditor perhaps.

The CHAIRMAN: Wait for the question.

By Mr. Calder, K.C.:

Q. I am reading now from page 15 of the report; on the 7th of August, 1923, the steamship Jean Mack, Montreal to Port Arthur. On the 30th of June, 1924, the steamship Frank H. from St. Pierre to Fort William. On the 15th August the steamship Frank H. from St. Pierre to Port Arthur. On the 1st of October, 1924, the Frank H., St. Pierre to Walkerville. Now what disposal was made of the cargoes in each of these cases?—A. There was only three shipments went up that way. I will only swear as to three, and the supercargo of that boat is summoned and will testify. I would not know anything about them but I know that they came that way into Buffalo and New York State.

Q. Who is the supercargo?—A. His name is Harbert. He is summoned for to-day. They were sold in American waters, sir, but insured as far as there only.

Q. Do you know anything about the shipment of the 1st of October, 1924, the Frank H., St. Pierre to Walkerville. That I think was shipped to Yokohama but only insured as far as Walkerville. Why was that?—A. Because they were going into American waters at Lake Erie and they were going to Walkerville for coal. Those were necessary diversions to allow the goods to be sold in American waters only, the same as Mexico with Corby's and other distilleries, except Walkers who positively never sold a bottle or case in that respect nor would not allow it to be sold.

By the Chairman:

Q. They all followed the same routes?—A. Yes.

Q. They could not do it otherwise in Canada?—A. They could not do what?

Q. They could not sell their products otherwise.—A. Walkers?

Q. No, the other distilleries.—A. No, sir, not according to the laws of some of the provinces you could not.

By Hon. Mr. Stevens:

Q. May I interject a question Mr. Calder? These three cargoes you now refer to as having been distributed in the Lakes; they did not pay duty? They were not duty paid?—A. No, sir. The logical end of all whiskey Mr. Stevens, was the United States, because that was where the high dollar was. Everyone was in for profit and they were selling it where they could get the high dollar. They were not selling it in Canada where they could get a low dollar.

By Mr. Donaghy:

Q. When did that rule come in as to the duty?—A. It was always so with Walkers.

Q. Why do you say there was no duty paid?—A. That was an import, sir. The shipments he was speaking of was different.

By Hon. Mr. Bennett:

Q. That only meant the harbour in transit, it was not landed in Canada.—A. No sir. Only called for coal or provisions.

Q. It was not landed.—A. Not a case was landed and the supercargo will so swear.

By Mr. Calder, K.C.:

Q. What was the consideration you gave for the hundred shares of Dominion Distillery Products?—A. We started like a peanut. We did not give much. I put in about $10,000 and no one put in anything else at that time. We were working on commissions and hoping things would grow and we have grown.

Q. Do you know if there were any shares of the Dominion Distillery Products Company or the Dominion Distillery successors held in trust for others?—A. No sir, there could not be.

Q. Do you know anything about the blending by the Stocklebach process? —A. Yes sir, I know all about it. Mr. George and I are the only ones who know anything about it.

Q. You purchased that formula did you not?—A. Yes sir. If it were a success we were to purchase it. It was not successful and fell down.

Q. To what extent was it tried?—A. Oh, a few ten gallon kegs.

Q. There are quite a number of invoices which have been produced here, for the essences or the essential oils used in the blending according to the Stocklebach formula. Did the trial of the blending process extend over a long period?—A. No sir we bought them thinking Mr. Stocklebach thought that we could do these things, and we found out that we could not, but we had bought it and we stood that loss as we stood many other losses in other trials.

Q. Do you know anything about the denaturing of spirits purchased by the Dominion Distilleries Products.—A. No sir, I have never been in the distillery more than three or four times in its existence.

By Mr. Donaghy:

Q. I want to show you a part of this report, starting in the middle of page 15. Take your time and read that and read a portion of page 16 and then I want to ask you about that.—A. I explained that.

Q. Read the next page 16 also. Just keep that for a minute and take your time. Now you notice this refers to insurance.—A. Yes sir.

Q. From St. Pierre to Halifax?—A. Yes.

Q. And the auditor makes this statement in regard to that: "we do not understand why insurance should be placed on round trips"—that would be round trip from St. Pierre-Miquelon back to Halifax?—A. Yes, sir,

Q. "particularly when, as stated previously, there were landing certificates for these shipments, unless it means that the liquor was shipped to St. Pierre Miquelon for the purpose of having it re-shipped to Halifax or other Canadian points." What I want you to tell us is whether or not that inference or conclusion by the auditor is right?—A. I have answered that all to Mr. Calder a few moments ago, referring to these shipments, and why the insurances were only taken to those points.

Q. They were taken to Halifax because that is as far as you can get them? —A. When you specified "Rum Row" you could not get any insurance, except as Mr. Calder tells me now, you can get it at London; but "Rum Row" is all done now.

Q. You say those shipments actually went from St. Pierre Miquelon to the American "Rum Row"?—A. Positively, sir.

Q. And the conclusion in the report is wrong?—A. Positively wrong, sir, abolutely wrong, as nine-tenths of the report is wrong.

Q. You notice on page 16 where the auditor has computed the amount of duty Canada has been defrauded of?—A. Yes sir.

Q. On these return voyages of liquor to Halifax, on the assumption they came into Canada. You see, he says; "the importance of these facts is if the liquor included in these returned shipments is dutiable, the amount of excise duty at $9.00 per gallon would be approximately $235,000." We have not seen any record of duty being paid on these shipments?—A. It was not fair to pay duty on stuff that went to the United States when it came from a foreign country by the port of Montreal into The Lakes. There are certain rules and regulations of the Department and we live up to them all.

By Mr. Calder, K.C.:

Q. Would it have been possible for you to go out of the Gulf through the Strait of Canso to Halifax, and thence to Rum Row?—A. I would not know, sir, I am not a mariner.

Q. That route is practicable, I mean to say, and it is shorter by a good number of miles than the other route. What was to prevent you sailing directly from the port of export to Halifax and thence to the high seas?—A. Via the port of Halifax or not via?

Q. Not going to St. Pierre-Miquelon?—A. Well, you had to go there to get clearance for the goods. If they were exported from Canada, Walkers, or whoever you bought them from, they had to go to foreign ports to get that clearance from that government, and they were unloaded at that point.

Q. Were they unloaded?—A. Positively unloaded. The governor of St. Pierre is just as strict as the Dominion of Canada.

By Mr. Donaghy:

Q. That is how you got the landing certificate?—A. Yes sir.

Q. And you say it was really landed?—A. If they have got them on file here; they would have to be landed, sir.

Q. We have them here?—A. And for every one you find in reference to the distillery, you will find that you have got them, and you have got every honest dollar, the Dominion of Canada, that the company is supposed to have stolen.

Q. In my opinion we should have had your evidence before we had the auditor's report?—A. And I should have been called three or four months ago when I came down here of my own volition, and I could have sworn away many of these nefarious statements that have been published in the paper. Is is the

most unfair treatment of any Canadian citizen of any company. They talk about trying to keep people in Canada, they are trying to drive them out by such reports as this.

Q. I asked the auditor when I saw this report why he had made it and then proposed to call you the next day to find out if it was true. It was a matter of surprise to me. A witness should be called first to ascertain the facts.

Mr. NASH: The auditor is not calling the witness.

Mr. DONAGHY: I say the witness should be called first.

Mr. STEVENS: Would not it be better to complete the examination of this witness before we cast any castigations on the auditor?

Mr. DONAGHY: We are completing it.

Mr. STEVENS: Oh no, we are not completing it. There are one or two members of the Committee besides Mr. Donaghy.

The CHAIRMAN: We will profit in the future by this report.

Mr. DONAGHY: It has gone out in the press of this country, as the result of a premature report, that the government has been defrauded of $235,000, and we find it is not the case.

The WITNESS: Not a dime.

Mr. DONAGHY: That is what I am complaining about, this great publicity of errors.

The WITNESS: And the Chairman says they will profit in the future, but we have got to suffer.

Mr. STEVENS: Mr. Chairman, may I put a few questions to the witness?

The CHAIRMAN: Yes.

By Mr. Stevens:

Q. Mr. Cooper referring to these three shipments that you have already identified?—A. Yes, sir.

Q. As being distributed in, as you say, the Lake area?

Mr. BENNETT: He said Rum Row.

Mr. STEVENS: Perhaps you will allow me to proceed with the witness.

By Mr. Stevens:

Q. This liquor was imported through Canadian waters, through the Lachine Canal at Montreal?—A. Yes, sir.

Q. And it paid no duty?—A. No sir, it was not entitled to, it was going to the United States, sir.

Q. Just please answer my question?—A. Pardon me.

Q. It paid no duty?—A. No, sir.

Q. To Canada?—A. No, sir.

Q. What guarantee can you offer to the Customs authorities that this liquor reached the United States?—A. I am not the person, you will have it from another witness that is summoned.

Q. Just a moment; you are the head of this concern?—A. Not the head, no sir, just the foot.

Q. You were the head then?—A. No sir, just the foot.

Q. We will come to that in a minute?—A. Mr. George is the head.

Q. You have been making some rather strong remarks in the last fifteen minutes, you are taking a great deal of authority on yourself?—A. I would not think so, I am answering questions.

Q. I am asking you now what authority you can offer, what guarantee you can offer to the Canadian Customs that this liquor was ever landed in the United States?—A. Well, personally I cannot guarantee anything.

Q. You can offer none at all, can you?—A. No, sir.

Q. In all your experience in handling liquor, and you have told us you have had a very wide experience?—A. Some ten years, sir.

Q. And you have had very wide experience in this class of business?—A. Which class of business?

Q. Shipping liquor into the United States?—A. We were not shipping any liquor, we were selling it to customers, the same as Corby's and all other distilleries.

Q. Who do you mean by "we"?—A. Our company.

Q. What company?—A. Well, the Dominion Distilleries or the Dominion Distillery Products; there was no Dominion Distilleries at that time; but, pardon me—

Q. Your company, of which you are a director, and, I think, formerly were President, can furnish the Customs authorities of Canada with no certificate of guarantee of any kind that this liquor was landed in the United States, can you?—A. Well, you will get it from the witness that is following, the only one who would know if it went to New York.

Q. As far as you know, your company, of which you were a director and formerly the President, cannot and have not furnished the Customs of Canada with any certificate or guarantee that this liquor was landed in the United States?—A. I could not explain that sir.

Q. I am not asking you to. I wish you would answer my question?—A. I am trying to do it honestly.

The CHAIRMAN: He cannot exactly answer what you want, but he will tell you what he knows.

Mr. STEVENS: He can answer the question if he likes.

The WITNESS: I am here to answer your question; I am on my oath.

Mr. STEVENS: Mr. Stenographer, will you please read that question to the witness.

Mr. DONAGHY: He said he could not tell you that, but he said the witness is here that can.

By the Chairman:

Q. What is the name of the witness that can tell us that?—A. Harbert, sir.

Mr. DONAGHY: Let us ask that next.

The WITNESS: He is summoned for to-day, he is here.

(Question read as follows):

> "As far as you know your company, of which you were a director and formerly the President, cannot and have not furnished the Customs of Canada with any certificate or guarantee that this liquor was landed in the United States".

By Mr. Stevens:

Q. I am asking you of your own knowledge?—A. My own knowledge? I could not answer, sir.

Q. Well, put it this way: Do you know if the company ever furnished any certificate of landing in the United States to the Customs authorities?—A. You could not get them from the United States.

Q. Very good, then. This company never has furnished any such certificate?—A. No sir, but—

Q. My next question—this will satisfy Mr. Donaghy?

The WITNESS: The Canadian ports will show you that they went through.

By Mr. Stevens:

Q. My next question, then, Mr. Cooper: the only guarantee then that your company can offer is the word of this super-cargo whom you are asking us to call as a witness, is that right?—A. I am not asking you to call him as a witness, but I know he is summoned.

Q. Never mind that?—A. You get angry at my mistakes and nobody is supposed to get angry at yours.

Q. Let us get down to business.—A. I am down to business, sir.

Q. Then the only guarantee you can offer to the Customs that this liquor was landed in the United States is the word of your employee, the super-cargo of this vessel?—A. Will you allow me to change my evidence, and this will satisfy you? That the St. George Export and Import Company shipped these goods from St. Pierre-Miquelon. I made a mistake when I said the Dominion Distillery Products Company.

Q. All right, now will you answer the question?—A. You would have to change the question from the Dominion Distillery Products Company to the St. George Export & Import Company, they were the people that handled it and profited by it, sir.

Q. Then the only guarantee or certificate you can offer to the Canadian customs authorities that this liquor was landed in the United States is the word of the super-cargo and employee of the shippers of the cargo?—A. Well, there were numerous locks where Customs officers are.

Q. We know that?—A. They came through the port of Montreal, and to come back empty they had to, as he will describe it—as they tell me it is customary—I do not know myself sir—that they had to come back through certain formulas prescribed by the laws of the Dominion of Canada, and they have all been filled.

Q. You have not answered my question?—A. If you change it from the Dominion Distillery Products Company to the St. George Export & Import Company I will answer it, sir.

Q. I say this: The only guarantee that the company involved can offer to the Canadian customs that these goods were landed in the United States is the word of the super-cargo, an employee of the company?—A. And the Captain of the boat, if you cared—

Q. That is correct, is it not?—A. Yes sir.

Q. That is correct?—A. Yes sir.

Q. Let me put another question. You know the regulations pretty well because you tell us you scrupulously observed all the laws?—A. Positively sir.

Q. And you know them pretty well?—A. No, I do not, not the regulations of the department, I am not versed in them. I respect the laws of the Dominion of Canada in each and every province or I would not have been allowed to sell Walker's whiskey for eleven years; that was the stipulation they made with me.

Q. How can you declare to this Committee that none of this liquor was landed in Canada?—A. How can I declare it?

Q. Yes?—A. In those three shipments, sir?

Q. Yes, or similar shipments.—A. Well, because we knew where the customers were; they paid for their whiskey in the States and they were waiting in these spots, as you will be so told, and if they did not get it they would want their money back.

Q. Then the only further evidence you can give us is that you allege you sold it to somebody in the United States?—A. I have so sworn; I do not allege it, sir, I so swear that it was so sold.

Q. Can you show me any regulation or law of Canada whereby you comply with that law in this way?—A. Mr. George tells me that they had permission to

do these trips in that prescribed route, in that prescribed manner, and I got the customers and they paid me, and it is natural that they got their whiskey, sir, or they would have wanted their money back.

Q. The fact that you state that certain Americans paid you, therefore— —A. I do not state that, sir.

Q. Yes; therefore that proves it was not landed in Canada; this liquor was not duty paid, was it?—A. No sir.

Q. If it were landed in the province of Quebec, you would be able to sell it at approximately $15 a case less than the Quebec Liquor Commission could sell it?—A. But, it would bring $30 a case more in the States.

Q. Never mind that?—A. That is what we were working for, the dollars, the good American dollars, sir, bringing it over to Canada.

Q. That is quite all right. I ask you this question: if that liquor were landed in the province of Quebec, not having paid the duty, it could be sold at approximately $14 or $15 a case less than the Quebec Liquor Commission could sell it?—A. But $30 higher in New York State where we sold it. We were not working for love, Mr. Stevens, we were working for dollars and cents.

Q. Would you mind answering my question; I don't mind you adding that. Am I stating the fact fairly when I make that statement?—A. There is $15 duty on Scotches, about around that, $16 or $17 perhaps; but will you let me go farther and say that they came through the port of Montreal where there is a collector of Customs and certain others, and I am quite satisfied, and Mr. Weldon—naturally they would show on their records they came through there loaded and they passed through the locks at Port Colborne or what ever other ports they went to because they were accepted by the Customs officers.

Q. That is twice you have offered that suggestion about them going through the locks in Montreal?—A. Yes sir.

Q. We have evidence, or information, perhaps I should say, that in this very trip of October 1, 1924, the Frank H in its movements through the canal, was very much facilitated by the action of the Customs officers, but a competing vessel, I think it was the George Cockerell, was not allowed through and was sent back?—A. I heard that story too.

Q. Yes. Which would indicate that you had peculiar facilities for passing through the port of Montreal?—A. I would not know about that, I was not on the boats, but I know I got the orders and I know I got the money, and I know they got their whiskey, sir, or I would not be sitting in this chair to-day. I know they got their whiskey, or I would not be sitting in this chair to-day.

Q. Let us take another step in the same transaction. When you passed that boat through the Lachine Canal, and when you got your permission to pass, from the Canadian Customs, this liquor was billed on a through bill of lading to G. Harbert, I think it was, Yokohama, Japan?—A. Yes.

Q. Via Port Arthur?—A. Yes, sir.

Q. That is true, is it not?—A. Yes, and hundreds and thousands of cases were sent to Cuba, and Mexico from all the distilleries of Canada, the same as that was.

Q. Never mind that?—A. I was just trying to show you, Mr. Stevens, that that was the case.

Q. You are befogging the case?—A. No sir. I am not. We chose Japan, and they chose Mexico.

Q. As a matter of fact, that cargo of liquor—I am going to take up that question, because I do not wish to get mixed up in an argument about Havana just now—was the cargo of the Frank H about October 1st, 1924, when passed through the Customs authorities at the Lachine Canal, on a through bill of lading via Port Arthur to Yokohama?—A. Yes, sir.

Q. Billed to Mr. G. Harbert?—A. Yes, sir.

Q. Or G. Harbert & Company?—A. Yes.

Q. That is correct?—A. Yes.

Q. And G. Harbert was closely identified with your activities in Walkerville; that is correct, is it not?—A. In Walkerville?

Q. Yes?—A. No sir. In Montreal. He was the super-cargo on the boat.

Q. Never mind that?—A. Pardon me, I am going to enlighten you, if you will let me.

Q. I know you are—A. Yes, in honesty, sir.

Q. I wish you would let me take my own course?—A. I do not want to be bold. I only want to answer.

Q. I may be simple, but I am not as simple as all that?—A. I only want to make amends for this report, which has been scandalized.

Q. I do not care about that?—A. Well, I care.

Q. That particular cargo never reached Port Arthur, did it?—A. No sir. It was off in Buffalo, Lake Erie.

Q. It was distributed in Lake Erie?—A. Yes, Buffalo.

Q. When that cargo passed the Lachine Canal, which you advanced a moment ago as the safeguard of the Canadian Customs—.—A. In my thought.

Q. Let me finish the question—which you advanced a moment ago as one of the safeguards of the Canadian Customs, the bills of lading were through to Japan?—A. Yes, sir.

Q. Therefore, when your super-cargo distributed that cargo in Lake Erie, he deceived the Customs officials at the Lachine Canal, and the Customs authorities of Canada?—A. Those things have been done for three or four years.

Q. Did he, or did he not?—A. We deceived them in that kind of manner, but we did not deceive them as to the dollars and cents.

Q. The only guarantee you could offer the Canadian Government to ensure them that their rights were protected, as far as the Customs revenue was concerned, was the word of Harbert?—A. Yes.

Q. When it passed the Customs authorities at the Lachine Canal?—A. If he swears that way, yes.

Q. That is the fact, is it not?—A. Yes, but this is the St. George Import and Export Company. Three or four belong to that in St. Pierre-Miquelon. It is not the Dominion Distilleries Company.

Q. Let us take several of these companies; there is the United Steamships, and there is the Dominion Distilleries?—A. The Dominion Distilleries Products Company.

Q. They are all one group?—A. No sir.

Q. Did not all the financial transactions of all these companies go through Mr. Gregory George's account?—A. Not all of them. The St. George Export and Import Company was handled at St. Pierre-Miquelon.

Q. Outside of that one—and that had an office in Montreal, by the way?—A. Who?

Q. The major portion of the banking and the business transactions of all these companies went through Mr. Gregory George's private account?—A. I did not know that until I heard it in evidence here this morning.

Q. You did know this—because you are a director of the Dominion Distilleries Company?—A. Yes.

Q. You know that they made no entries for sales, and no entries for cash?—A. I know more about it to-day than I had known since its inception.

Q. Do you dispute that section of the auditors' report?—A. I certainly dispute it, sir, and I have so sworn.

Q. Do you dispute that the financial transactions of these companies passed through Gregory George's private account?—A. Pardon me, I thought we were talking about the boats.

Q. Do you dispute that?—A. No, sir.

Q. We can take it that the auditors' report upon that is final?—A. Yes, as far as it went, yes, sir.

Q. These transactions went through Gregory George's private account. Gregory George takes his private bank accounts, and there are three or four, to Europe, and we have not got the benefit of those to check up these transactions? —A. But you are going to have evidence through others, the same as you are getting from me, that will help to verify it. We are citizens of Canada, and we are swearing to you about these transactions, in order to satisfy the people of the Dominion of Canada.

Q. You are asking us to take your word against the evidence of the books, carefully audited, which books are improperly kept as I say, by the records themselves, which show that there was an inter-relation of these companies which amounted, in my estimation,—and I advance it with diffidence—to a conspiracy?—A. Well, I would not know anything about a conspiracy.

The CHAIRMAN: I object to such a word, Mr. Stevens. That is a conclusion which we will have to draw after all the evidence has been given.

WITNESS: Pardon me, Mr. Stevens. You say that the books are incomplete. How could they be audited, if they were incomplete, and why did they do this before they called on me? I could have given you a lot of valuable advice, and saved a lot of comments.

By Hon. Mr. Stevens:

We have got so far in regard to the three inland shipments, that the only guarantee the Customs authorities was the word of Mr. G. Harbert?—A. Yes.

Q. I have under my hand the authority of the Deputy Minister of Customs, which I cited this morning, and there is a distinct regulation of the Customs, with which you are well acquainted, that all liquors exported by bulk from lake or river ports in Ontario, are duty paid liquors, and that being so, no foreign inland certificates are required by law, and none are produced; therefore, you are forced to pay the excise. That is corect, is it not?—A. I am not versed in the rules and regulations to that extent. I heard you try to get Mr. Taylor to give evidence on that question this morning, and he could not. How could I?

Q. You handled liquor from Walkers, of Walkerville?—A. Yes, all duty paid.

Q. All duty paid?—A. Every bottle of Walkers, duty paid.

Q. I am not disputing that; that is duty paid and exported to the United States, is it not?—A. Yes, sir.

Q. And the reason the duty is demanded by the Government and is paid is that you cannot furnish landing certificates in the United States?—A. From Canada. But this shipment came from St. Pierre-Miquelon, please.

Q. But that is correct, is it not?—A. Yes.

Q. Now, you deceived the Customs in those three shipments, because you were admitted into Canadian waters, and through the Canal because you carried a through bill of lading, via Port Arthur and through to Japan?—A. Well, in the liquor business, you cannot be so scrupulous in these little things.

By the Chairman:

Q. What? Was any of this cargo landed within the Dominion of Canada; was any liquor on those three boats landed within the Dominion of Canada? —A. If there was, I would have to pay back the man who paid me in Buffalo.

Hon. Mr. STEVENS: The witness has just said you cannot be too scupulous about these things.

WITNESS: I am talking about Government rules and regulations. They are breaking them all the time.

By Hon. Mr. Stevens:

Q. You think it is a trivial matter, Mr. Cooper, to obtain a passage through the Lachine Canal, on a through bill of lading, for a cargo of goods which would never reach Port Arthur at all, but is distributed on the Lakes?—A. Yes, it is quite all right, on the Lakes.

Q. And you would do it again?—A. I would not do it again, if I found out that it was wrong.

By the Chairman:

Q. Buffalo is in the United States?—A. Yes sir, off Lake Erie. Two in Buffalo, and one in some port in New York State.

Mr. DOUCET: Look at the evidence and see what is printed there.

WITNESS: There was lots printed that was not meant to refer to the Dominion Distilleries Products Company.

By Hon. Mr. Stevens:

Q. Did I understand you to say you were not a director of the Dominion Distilleries Products Company now?—A. No, sir.

Q. You are not a director?—A. No, sir.

Q. When did you cease to be a director?—A. I was just a provisional director, to get the company started.

Q. There was the original company, the Dominion Distilleries?—A. Yes.

Q. You were president of that?—A. No, a director.

Q. Then when the Dominion Distilleries Products Company, Limited, was organized, you were still a director?—A. And president.

Q. When did you resign?—A. Right after we got the incorporation papers, I think. Within a little while, anyway, as soon as I could.

Q. When was that?—A. Two or three months ago. Easily two, three or four months ago, sir.

Q. Was it in 1925?—A. No sir, this year. It did not become legalized until April 1, the Dominion Distilleries.

Q. You have just recently resigned?—A. Within three or four months, if you call that recently.

Q. Is there a man named Parker, the president, or a director now?—A. He is a director.

Q. I think one of the witnesses said this morning, that he was president? —A. I am not versed on that. I think there is a Parker, but I could not swear to it. It is easily obtainable.

Q. What is his first name?—A. There are two Parkers.

Q. What are their names?—A. One is F. J. Parker, and the other is William Parker.

Q. Is that Frank Parker?—A. That is Frank Parker.

Q. Is that the Frank Parker that I noticed was the buyer of that cargo of liquor seized by the Ontario Liquor Commission at Belleville?—A. No sir. He belonged to Michigan, and it was so sworn. And his cargo was returned to him. This is a wealthy resident of Chicago, Ill.

Q. He is president now?—A. I do not know; I could not swear to that.

Q. There is no question regarding these shipments from Halifax to St. Pierre and back to Halifax?—A. Yes, sir.

Q. I will just take one instance, dated June 17, 1924; the Bernard M. took a cargo of liquor from Halifax to St. Pierre, and the shipment was then returned to Halifax?—A. For food and coal, sir.

Q. Now, you say the object of going to St. Pierre was to get a landing certificate?—A. Yes, to satisfy Walker's or any other legitimate distiller; to satisfy the Dominion Government.

Q. To put it more correctly, it was for the purpose of securing a landing certificate at St. Pierre which would release the double value bond at the point of exit?—A. Which the distiller puts up, yes sir.

Q. And this useless—I was going to say foolish—trip out to St. Pierre and back, which was quite abortive and useless, was just done for the purpose of securing that landing certificate?—A. To save money with regard to the duty over there, which is only sixty cents a case, sir.

Q. If you take a cargo of liquor from Montreal, or Halifax, or any Canadian port, for "rum row," New York, you have to pay excise on that liquor, do you not?—A. We have to get the certificate to be repaid the duty.

Q. If you take a cargo of liquor from Halifax, Montreal, or any Canadian port, for "rum row," you have to pay the excise on it before that liquor is released from Canada?—A. I would not know; we only shipped one shipment from Montreal, and it came direct from Scotland to Montreal, because the boat did not touch at St. Pierre. I put that point before the officials at Montreal, which is on record, and $168,000 was paid back. It took six weeks to get a release of it through the Department of Customs and Excise. That is the only transaction I ever had.

Q. Can you answer the question I put to you, that if you take a cargo of liquor from a Canadian port to "rum row," you have to pay the excise before you leave the Canadian port?—A. No, sir; Walker's don't; they just put up a double duty bond.

Q. Well, may I put the question in another way; you cannot get a release of the liquor from Canada on a double duty bond unless you have a definite point of landing in some foreign place outside of Canada?—A. That would be a nice answer for your question. That is why they had to go to St. Pierre, perhaps.

Q. I wish you would just answer my question directly, without comments. —A. Yes, if the boat is going to St. Pierre, Havana, or Nassau, you have to have a release of the excise.

Q. Therefore, if you take a cargo direct from a Canadian port to "rum row," you have to pay the excise before it would be released?—A. I would not know that, because if we were going to do that, we would find out first. We have never done it; in no case will you ever find one of those shipments.

Q. I find instances here where you took foolish trips to St. Pierre and back to Halifax, and then to "rum row," in order not to pay excise?—A. We had to pay the Government of France.

Q. You did not pay Canada anything?—A. Pardon me; we satisfied Canada that we were selling the goods to St. Pierre; and St. Pierre, or the agent, satisfied the Government of France by selling the liquor in "rum row," and because the boat touched at Canada to buy provisions and coal, provisions for the sailors and people in the employ of the boat, which is a case of humanity to do those things in order to get food.

Q. The Canadian Customs regulations, in order to permit you to land, require that you shall pay excise on the liquor for "rum row." What I am getting at is this; you dodge the Canadian regulations by this trip to St. Pierre? —A. No sir; there are two direct sales, sir, one to the company at St. Pierre, on which the duty is paid through the releasing of the Canadian Excise tax, by the double duty bond. You would not get a second load from Walker's if you did not get your bond back. Walker's were satisfied for every bond furnished, and so much so that we did not have to give it; they knew we were honourable enough to have it done.

Q. I know they have put up their bond; are not those goods shipped direct? —A. No, sir, we did not sell any; Walker's sold us.

Q. Walker's sold what?—A. The order to St. Pierre, to the St. George Export and Import Company.

Q. One of your companies?—A. Yes, sir, one in which I was interested, but nothing to do with the Canadian duty.

Q. You do a good deal of business with the United States, Mr. Cooper?—A. A drop in the bucket compared with other people, sir.

Q. You do a considerable amount of business with the United States?—A. Not now, sir, it has fallen away quite a lot. There are now very stringent laws over there.

Q. Have you ever been under indictment over there?—A. Yes, sir, so the papers tell me; of course, the papers are authority; all the authority they had was newspaper scandal; I have never been notified.

Q. You have never passed through the United States, lately?—A. I have been through the States within the last month or two.

Q. They did not catch you?—A. I am here.

Q. For what are you under indictment there?—A. For selling whiskey; so the papers tell me; I do not know otherwise; I have not been notified. There are fourteen or fifteen other distillery heads also indicted, and stockholders.

By the Chairman:

Q. From where?—A. British Columbia.

Q. Are you sure there are some from British Columbia?—A. Yes, sir.

Q. Can you name some of them?—A. Rifle and his two sons; they own a distillery. I have forgotten the names of the British Columbia distilleries. They were indicted for selling liquor to the States, the same as I am. I do not know whether they know, but that was in the Vancouver paper; and the Canadian papers say so.

By Mr. Donaghy:

Q. You say that there are some Vancouver people; you have referred to Vancouver City people?—A. I am sorry; but there are a lot of others who have been indicted; fourteen or fifteen people have been indicted, and dismissed.

By the Chairman:

Q. From British Columbia?—A. No, sir, a lot from Ontario.

Q. Some are indicted from Ontario, too?—A. Yes, sir.

Q. Can you name some from Ontario?—A. I am not an informer, sir.

Q. According to the papers?—A. Yes, that is the only place I could get my information from, the same as I got it about being indicted, myself, in the United States. I passed through United States territory within two months ago, and they did not molest me. There are a good number of others, sir. I am told by the Border Cities Star that I have been indicted, and I must take their word.

By Hon. Mr. Stevens:

Q. If you are indicted, there must be a warrant issued?—A. I was through the United States two months ago; I was indicted two years ago, so I cannot say about a warrant.

Q. With regard to the shipments to Mr. Scherer; we have a string of them here?—A. Twenty of them.

Q. These orders are billed from Montreal to G. Scherer, Mexico, via Ford, via Killarney; that is very common?—A. I don't know how common. Lately the Department came out with another ruling, sir.

By Mr. Donaghy:

Q. What is that?—A. There has been another ruling; the wording is, "Billing within three months."

By Hon. Mr. Stevens:

Q. I have a sample one here; there is a point that I want to discuss briefly with you?—A. I will answer any question.

Q. This is a shipment that was billed through, on a bill-of-lading to Mexico, via Ford, and the destination is Sandwich, Walkerville; it is routed to Sandwich by rail and boat Killarney to Mexico?—A. I think that is one.

Q. There are dozens of them?—A. Hundreds of them; but thousands by other distillers.

Q. Yes, I know.—A. I just wanted to tell you, sir.

Q. Now then, to continue; I have not it here, but we know of some cases that are in the hands of the auditors in which there was an accompanying permit, B-13, I think it is called?—A. Yes sir.

Q. For export to the United States, is how it reads?—A. Yes sir.

Q. Did you make out this through bill-of-lading, the railway bill-of-lading, because the railways, by an agreement with the United States, will not carry liquor to the United States?—A. Yes sir.

Q. That is the reason?—A. Yes, sir.

Q. Do not you see the seriousness of this situation, that you are a prompter to, and party to, a deliberate deceit, by Canada of the United States Government, and to a violation of the solemn treaty entered into between the two countries?—A. Where would the Canadian Government get the millions in duties?

Mr. FURLONG: Mr. Chairman—

The CHAIRMAN: You have no right to say anything, you are not under oath.

The WITNESS: Mr. Furlong is my counsel.

Mr. DONAGHY: I will tell you what it is; it is quite obviously a point of law.

Hon. Mr. STEVENS: It is not a point of law, but a fact.

Mr. DONAGHY: You have stated what is contrary to the treaty between Canada and the United States; you stated it was in violation of the treaty; I discussed that a minute ago with my colleague, and we both remarked how very singular it was that a treaty between Canada and the United States does not make it illegal for Canadian authorities to clear a vessel, laden with rum for Detroit. It is not contrary to the treaty to give a clearance of the liquor cargo to Windsor and Detroit; it is rather singular, but it does not make it illegal.

Hon. Mr. STEVENS: Let us get at it in another way. The Canadian railways have an undertaking with the United States Government that they will not receive liquor for shipment into the United States.

Mr. DONAGHY: Pardon me right there. The Canadian railways to-day have found out that such a clause is not in the treaty. The treaty is just as I say it is. The Canadian railways, to-day, will take those shipments billed through to Detroit.

WITNESS: Three months ago that hitch came up, and it was determined that the railways were quite within their right.

Hon. Mr. STEVENS: After everybody has made a speech, I will make one myself. As a matter of fact, Mr. Chairman, the question of the railways was not in the treaty at all. That is clear. But the railways did give an undertaking to the United States Government, and United States authorities, that they would not receive liquor for shipment into the United States. They did that because they were threatened that if they did receive shipments of liquor for points in the United States, the United States Government would stop the cars of the railways from entering into the United States. The result of that would have been to hamper the railways.

Mr. DONAGHY: I want to correct you. They never gave any such undertaking to the American Government; and to-day they are taking cargoes of liquor billed direct to the United States. You can find that out from any of the station agents, as I have taken the trouble to find out. They have never given an undertaking; they will take a cargo of liquor consigned straight to American points.

Hon. Mr. STEVENS: We are much indebted to Mr. Donaghy for clearing up this point.

Mr. DONAGHY: You are not indebted at all; the truth is all we want.

The CHAIRMAN: You are putting a point, and you are supposed to be answered. It is a long one.

Hon. Mr. STEVENS: I do not think that is called for at all, Mr. Chairman; I have some rights in this Committee, as well as others.

The CHAIRMAN: You made a digression on a matter which is not material.

Mr. DOUCET: Mr. Stevens, you are a layman; you cannot contradict a lawyer.

Hon. Mr. STEVENS: Because a man is a layman, is he supposed to be dumb?

The CHAIRMAN: Stay within the law.

Hon. Mr. STEVENS: I will follow my own course.

By Hon. Mr. Stevens:

Q. Mr. Cooper, over a period of some years—we will put it that way—your company, in shipping out their carloads of goods from Montreal to the United States, on the bill-of-lading, billed it through to Mexico, whereas the B-13 clearance papers showed the shipment was cleared for shipments to the United States, on duty paid liquor?—A. Well, that is immaterial; they ruled to that effect in the courts. That has been taken up and thrashed out in Ontario; the officers acting under the O.T.A. have seized dozens and dozens of cars, some belonging to Corby, some to the Dominion Distillers, and some to other distillers, and the point has been decided by the High Court of Ontario.

Q. As a matter of fact, none of this liquor was destined to Mexico, that was so billed; that is true, is it not?—A. Never destined.

Q. It was never intended to go to Mexico?—A. It was sold in the United States.

Q. Although the bills-of-lading were made out to Mexico, it was never destined to Mexico?—A. No, sir, it was a camouflaged way of getting the goods through the railroad; without the railroad we could not have worked.

Q. You say in the last three months the railways will bill through direct?—A. No, not direct, they have changed the bill-of-lading, sir.

Q. How do you bill now?—A. I could not tell you off hand; it came as I went away to Scotland.

Q. You told us a moment ago you did?—A. Well, I cannot swear as to how. My attorney is the man who can say; he will enlighten you word for word.

Mr. FURLONG: They are billed, Mr. Stevens, to the man in Detroit and his name is put on the bill-of-lading of the C.N.R. or whatever railway it is shipped by.

Hon. Mr. STEVENS: You do not bill through to the United States?

Mr. FURLONG: B.13, covers the bill-of-lading.

Mr. DOUCET: B.13 always showed that.

Mr. FURLONG: That did not accompany the bill-of-lading prior to March 13th, this year.

Mr. DONAGHY: The railways could not, under the law, ship liquor; they found, under the law, it was illegal to ship liquor to the United States.

By Hon. Mr. Stevens:

Q. Is it contrary to the existing agreement between the United States and Canada for Canada to export liquor?—A. I am not versed in these laws of recent passing.

By the Chairman:

Q. As you say, you have had a large experience in the selling of liquor and in the transportation of liquor into the United States; would you tell me if other distilleries operating in Canada are choosing the same method of export? —A. Just the same, word for word. They must or they would not get by the law, through Ontario they wouldn't, or Quebec either.

By Mr. St. Pere:

Q. Mr. Cooper, about a cargo of liquor from St. Pierre that goes through the Lachine Canal; I suppose the same liquor went through the canal at Cornwall and the Welland Canal where the officials at the different canals are, and were these officials supposed to examine the cargo?—A. They do, sir.

Q. They let it go?—A. The captain has to show his papers.

By Mr. Doucet:

Q. Because it was billed to Japan?—A. I would not think, sir, that is a point for me to answer.

By Mr. St. Pere:

Q. Nobody objected to the cargo going through?—A. I do not think Canada would allow it to go through.

By the Chairman:

Q. It was billed outside of Canada?—A. Yes, and bought outside of Canada, and it is just Canadian water that is used; that is all.

By Mr. Calder, K.C.:

Q. It was billed to a place which could not possibly be reached by the route over which it was billed?—A. It is carried from Fort William or Port Arthur.

Q. Do you think that route would ever be used or adopted by any man who would ship to Japan?—A. How do they ship to Mexico by Detroit?

By Mr. Donaghy:

Q. He says, the whole thing is camouflaged.—A. Everybody knows that is so.

Q. All distilleries are doing that?—A. Yes, everyone except Walker's and they would not consent to do it.

By Mr. Calder, K.C.:

Q. So they interposed you?—A. No, sir, they did not. I asked them to sell me goods and they kindly sold them. I am very proud to be able to know I could sell Walker's goods. I was the only one that was allowed to sell them.

Q. I understood you went to them with a proposition that their scruples could be raised if you could interpose yourself?—A. You understood from me?

Q. Yes.—A. There were no scruples; they would not allow it.

Q. Just one question; there are some sales of denatured spirits which were shipped to Scherer; do you know anything about those?—A. Not a thing.

Q. I would like you to explain to the Committee why denatured spirits which are everywhere priced at a maximum of eight-seven cents were sold by the Dominion Distilleries for $3, $7 and $10 a gallon?—A. Well as far as $7 and

$10 is concerned, I can tell you this; alcohol has been going into the States, and several have come to me, from Chicago and other places, knowing this, whiskey was being sold and wanted to know if I could get them some, and they said they would willingly pay $3 a gallon, which was the cost and that is what they had their information based on.

Q. Denatured alcohol?—A. Yes, just the same alcohol you are speaking of. They told me they had seen alcohol in the States, and their friends had paid $3 and they wanted to know if I could get any for them. It is likely in the States that they handle ten million gallons a month, and the time was coming around when we might get some, but the price went down; it fluctuates so much; the supply and demand and the interference of the law makes the price unsteady.

Q. That is the explanation of the Dominion Distilleries selling at $3, $7 and $10?—A. It is not the explanation of the Dominion Distilleries. I am telling you what these parties said. I, myself knew nothing of the sale, and he had no more than told me than Lord Shaughnessy actually bid twenty and we were forced to pay thirty-five or thirty-six.

By the Chairman:

Q. Lord Shaughnessy?—A. Yes, sir.

Q. Is he connected with any distillery?—A. Yes, sir.

Q. Will you swear that?—A. No, I will not swear it; it is common knowledge. We only paid thirty-six.

By Mr. Calder, K.C.:

Q. Yet, this company had sold it for $3, $7 and $10 and you say they had bought it for— —A. $3. There was a lot of expense in connection with it, freights and trucking, and you will find out these were only statistical prices which Mr. George returned.

Q. Statistical?—A. Yes. You will find that out if you care to look through the other distilleries and see the price which was at that time $30 and the next day $45.

Q. What would be the object in increasing the price of denatured alcohol which is current at $7, $3 and $10 a gallon, when, as a matter of fact, it was not sold for that? What was the object?—A. It may be some idle clerk—you have seen him—or a mistake through the company, but it was all news to me.

Q. It might be the act of a clerk making a mistake in the figures?—A. I know they have these kind of fellows.

Q. How can those figures be put down as actually covering that?—A. I do not know, I am not in a position to say that, and am not familiar with that yet; if I ever am, I will be able to have a few shillings to spend.

By Mr. Donaghy:

Q. There is one subject which has not been touched upon yet. There is a great deal of good alcohol manufactured in the United States?—A. Yes.

Q. Like Fleischman Yeast and others?—A. Yes.

Q. That is not allowed to be sold in the United States?—A. To permit holders.

Q. For industrial purposes?—A. Yes, and medicinal purposes.

Q. Is it your opinion that firms like Fleischmann Yeast are making a great deal of this alcohol?—A. Yes.

Q. Can you give us any light on the subject?—A. No, sir, I am in the dark, and I am not a detecive.

Q. You have not had any first hand knowledge?—A. No, sir, it is not in my blood.

Q. Can you give us any information as to whether any distilleries in Canada are engaged in making Scotch whiskey out of denatured alcohol?—A. No

industry or no distillery would do that, but it is being used by bootleggers, and that is why they get it.

Q. You secured a formula from Stochelbach for the purpose of doing the very thing at the Dominion Distilleries?—A. With legitimate alcohol. It is raw spirits just the same as all alcohol is raw spirits in its conception.

By Mr. Donaghy:

Q. What did you mean when you said that no distillery would do that?—A. No distillery would use that kind of alcohol to make Scotch whiskey.

Q. They would not smuggle it from the States?—A. No, sir, they could make it a lot cheaper than smuggling it.

Q. What does it cost to make raw alcohol?—A. I am not a distillery man; but somebody said around 65 cents.

Q. That is denatured?—A. No, alcohol itself. We bought it for 35 cents so you can see. If it cost about 30 odd cents you would have to manufacture on a large scale.

By Mr. Calder, K.C.:

Q. It says in a contract between yourself and Fritz Stochelbach it is the price that was agreed upon between you for newly denatured whiskey?—A. Yes, sir.

Q. That is making whiskey out of newly distilled spirits?—A. You could not stop a man from thinking he could do it.

Q. What I am asking is, that it was in the agreement between you?—A. No, distilled liquor.

Q. Redistilled liquor?—A. Yes.

The CHAIRMAN: We do not care as to the quality of the alcohol.

By Mr. Calder, K.C.:

Q. I may be mistaken.—A. I will take it back if I said it.

Q. The question was put to you by Mr. Donaghy of making whiskey out of new distilled spirits, raw alcohol. (To Mr. Donaghy) You meant new distilled spirits?

Mr. DONAGHY: Yes.

By Mr. Calder, K.C.:

Q. Thereupon, you said, "Oh, the bootleggers do that."—A. Pardon me, I thought he said "denatured."

Q. Will you let me first suggest what I understood passed?—A. Pardon me.

Q. We will get along much better.—A. Pardon me.

Q. You said that bootleggers do that, but distilleries would not even think of it?—A. I misunderstood you.

Q. You did not hear the question. I said, denatured alcohol which is being used, and you thought denatured alcohol?—A. Yes.

Q. You understood it was denatured alcohol?—A. Yes, positively.

By Mr. Donaghy:

Q. Seeing that is cleared up I will go back. You understood what I was talking about? I was talking about denatured alcohol.—A. Yes.

Q. Made in Canada.—A. Yes, sir.

Q. And then smuggled back to the United States; do you know anything of that?—A. No.

By Mr. Calder, K.C.:

Q. Oh, you thought denatured alcohol?—A. Yes sir. I thought it was the word he used.

Mr. CALDER, K.C.: (To Mr. Donaghy) Did you mean denatured alcohol?

Mr. DONAGHY: No, I did not.

The CHAIRMAN: He did not understand you properly.

By Mr. Calder, K.C.:

Q. Did you mean denatured alcohol?—A. Yes.

By Mr. Donaghy:

Q. Now that is cleared up. You understand now, after the explanation, that I was not talking about denatured alcohol?—A. Yes.

Q. I was talking about pure alcohol smuggled from the United States, blended in Canada, and then smuggled back into the United States. Do you know anything about that operation?—A. No sir. There is more money in the United States. Nobody would go to the trouble of smuggling it into Canada, even if they are doing a large business. If the whiskey did come into this country, it would cost a great deal to bring it in, and would cost a great deal to take it out. It costs a great deal of money before the consumer gets the alcohol or the whiskey. It would not pay them. There is no market for it. Canadian drinkers are different from American drinkers. They know what they care to drink.

Mr. CALDER, K.C.: It depends on which province.

The WITNESS: Well, I will talk of the world over. Take Walker's; they will select Walker's ahead of anybody's, any time.

By Mr. Donaghy:

Q. Were you connected with Walker's prior to 1924?—A. Yes, sir, for ten or eleven years. I always bought liquor from them, but all duties paid, sir, and taxes paid.

Q. I take it that Walker's sell their whiskey to the Dominion Distilleries in Montreal in order to keep clear of all trouble with the States?—A. No, sir. They would have nothing to do with any other source. The Dominion Distilleries did, and they naturally sold this whiskey, because I had a connection with Walker's before that.

Q. They would not sell it for shipment direct to the States?—A. Not themselves, no, sir.

Q. Do the other distilleries sell for shipment direct to the States?—A. In the same camouflaged way that Mr. Stevens saw the shipping bills.

Q. All the others are at that game?—A. You will see it all along the line. I have only been in the dock twice in my life—that is, the export docks, sir.

Mr. DONAGHY: That is all I want to ask you.

Mr. CALDER, K.C.: That is all.

Witness discharged.

GEORGE HARBERT called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Harbert, were you in the employ of the Dominion Distilleries Products Company?—A. Well, not exactly, sir.

Q. Did you have any dealings with them?—A. I did a great deal of carting for them.

Q. And shipping?—A. And shipping.

Q. Did you have any other employment besides what you were doing for them?—A. I used to do a great deal for the W. George Limited, and sometimes I done a little outside work.

Q. Were you a director of the United Steamships Company?—A. No, sir.
Q. You were not?—A. No, sir.
Q. Not even a provisional director?—A. No, sir.
Q. What is your address in Montreal?—A. 163 Vinet street.
Q. I find here in a return made to the Secretary of State, the following names and addresses of persons who, at the date of the return, the 31st day of May, 1924, are the directors of the company, or occupy the position of directors, by whatever name called:

J. P. Bulger, 340 Claremont avenue;
D. M. George, Drummond apartments;
G. A. George, 153 Marlowe avenue;
G. Harbert, 163 Vinet street.

A. Let me have a look at that, Mr. Calder. (Document handed to witness.) Well, that is quite right. At the time that this was talked over, I understood that it was not going to go through; that they were going to put another name instead of mine, on account of my going on the boat.
Q. So that you were returned as a director by Mr. James Wright, who certified to it under oath, as president, and Mr. J. P. Bulger, who attested it as secretary, both being sworn by W. J. Hushion, commissioner, and yet you were not a director?—A. Well, I was a director. I could not have understood that paper quite properly at the time.
Q. You were a director, but you did not know you were?—A. Not exactly. There was a misunderstanding there some place.

Mr. CALDER, K.C.: There is a great deal of unconscious directorship and secretaryship in these companies.

By Mr. Calder, K.C.:

Q. You have an establishment in Yokohama?—A. No, sir.
Q. You have not?—A. No, sir.
Q. We have invoices here to G. Harbert and Company, of Yokohama. Is that your company?—A. I had those made out.
Q. That also was an unconscious corporation?—A. Well, I just used that name.
Q. Eh?—A. I just used that name. I had to give a routing, and I had to have an address.
Q. So that as regards the shipment of the Frank H., shipped to Yokohama, you were at once the consignee and the supercargo?—A. Yes, sir.

Mr. CALDER, K.C.: I hope they got along well together.

The WITNESS: Very well, sir.

By Mr. Calder, K.C.:

Q. You stated, I think, a moment ago, that you heard the United Steamships Company projected and discussed. Will you tell us for what purpose it was to be incorporated?—A. Merely as a shipping company.
Q. To serve what particular interest?—A. Anybody's interest who could—
Q. Well, now; was it not intended that it should be used exclusively in operating ships to serve W. George and Company Limited?—A. No.
Q. Wait a minute. Wait till I get through. —W. George and Company Limited, the Dominion Distilleries Products Company, the St. George Import and Export Company, the George Export and Import Company, G. Harbert of Yokohama, and G. Harbert and Company of Havana?—A. No, sir.
Q. It was not intended that it would ply between these various companies? —A. No, sir.
Q. What boats did they acquire?—A. Well, only the boats I have heard mentioned here to-day.

Q. Namely— —A. The Glen Ellen, the Bernard M., and the Frank H.
Q. Were you the supercargo on all those boats?—A. No sir.
Q. On which were you the supercargo?—A. The Frank H.
Q. Exclusively?—A. Yes sir.
Q. Who was the Captain?—A. Captain Bayliss.
Q. Was a log kept?—A. No sir, just a small log. At any important point—
Q. I did not ask you what the dimensions of the log were?—A. They kept a record of it. I was not the Captain of the boat. The log had absolutely nothing to do with me. The Captain signed his crew in the shipping office, and paid his crew off in the shipping office, and made his report to the Shipping Master. As far as the log went, it was none of my business.
Q. I did not ask you that. I am asking you whether you know or do not know whether a log was kept?—A. I presume it was; I don't know.
Q. Did you see it, and did you control any of the entries in it?—A. No sir.
Q. I am instructed that the wages paid to you, as far as the Dominion Distilleries, and Distillery Products Company Limited, and the allied concerns, are concerned, you were paid by vouchers which are charged to the Jean Mack. Were you supercargo on the Jean Mack as well?—A. The Jean Mack and the Frank H. is the same boat.
Q. It is the same boat?—A. It is the same boat, only the name was changed.
Q. How many trips did you take on board the Jean Mack and the Frank H.?—A. Three.
Q. Were you on the trip of the Jean Mack from Montreal to Port Arthur on the 7th of August?—A. Of what year?
Q. 1923.—A. No.
Q. Were you on the trip of the Frank H. on the 30th June, 1924— —A. Yes sir.
Q. Out of St. Pierre to Fort William?—A. Yes sir.
Q. As supercargo?—A. Yes sir.
Q. Where did you board the boat?—A. I boarded the boat at Quebec.
Q. Was it then loaded with liquor?—A. No.
Q. It was empty?—A. It was empty.
Q. You proceeded to St. Pierre Miquelon?—A. We proceeded to St. Pierre.
Q. Took on your load there?—A. Took on our load.
Q. What was the load?—A. Now, you—
Q. I am not asking you for details?—A. Well, whiskey.
Q. From what firm?—A. C. P. Chartier.
Q. Did you reach Fort William?—A. No.
Q. What Canadian point did you ultimately touch?—A. Would you like me to describe that voyage?
Q. Yes, that would be interesting.—A. Nice, eh?
Q. Yes.—A. We proceeded up the river. At every point where there is a signal service station, we reported; we stopped at Father Point. We were examined by the port authorities there, by the doctor, being that we had come from a foreign port. We took on a pilot; we proceeded to Quebec; we changed pilots there; we had another pilot, which brought us up to Montreal; we entered the Lachine Canal; we reported to the Customs; we received a Canal pass which read "liquor"; we presented that Canal pass at every Canal where we passed through, where it was duly signed by the authorities on the canal. We handed that Canal Pass in at Port Colborne, when we eventually reached there. We discharged our load just outside Buffalo; we returned to Port Colborne, and made an affidavit to the Customs Officers there that we had discharged our load at Buffalo, and we received a clearance from there to come back down the canals.
Q. All of which would be shown by the log?—A. All of which would be shown by the log. I might also add that during the trips through the Lachine

Canal, the Quebec Liquor Commission very carefully watched us as we passed through Quebec territory. They had men alongside the canal who drove in automobiles, and were placed on the locks, to watch us very carefully through.

Q. Did you stop at the Distillery Company's wharf?—A. No.

Q. Are you sure of that?—A. Absolutely.

Q. The log would indicate that?—A. Certainly. We never stopped there.

Q. You state on your oath— —A. I took my oath a moment ago.

Q. It is a form— —A. Absolutely I am on my oath with everything I say.

Mr. CALDER, K.C.: Mr. Harbert, I have examined a lot of witnesses, and none of them have ever frightened me yet.

The WITNESS: I am not frightened either.

The CHAIRMAN: The witness is a man with a very loud voice.

Mr. CALDER, K.C.: Why, therefore, roar at me? When we assert to a witness "You state on your oath," it is a form of saying "Are you quite sure?" There is nothing insulting in it.

The WITNESS: Excuse me a moment, Mr. Calder. I took a little exception to Mr. Stevens' remarks to Mr. Cooper that the only evidence he had to offer was the word of the supercargo.

Mr. CALDER, K.C.: Please don't make any speeches. Just answer the question, will you?

By Mr. Calder, K.C.:

Q. Now, I ask you whether you state positively—and don't interrupt me at this point—whether you state positively on your oath that you did not stop at the Dominion Distilleries wharf?—A. I state positively on my oath that we did not stop at the Dominion Distilleries wharf.

Q. Your memory appears to be very good. What time did you arrive at the lower lock at Lachine?—A. At the lower lock of Lachine—

Q. I am not speaking of the date; I am speaking of the hour.—A. It was around six-fifteen in the evening.

Q. What time did you lock out at the upper lock?—A. At the upper lock we locked out the next afternoon.

Q. Where did you stop in the interval in the canal?—A. In the interval in the canal, we stopped at Robinson's coal dock.

Q. Where is that?—A. In the canal. I cannot tell you exactly the date, but on that day, Mr. Calder, it happened to be a holiday of some kind, and at the coal dock there were no men working, and we had to arrange with Robinson to get men there to coal us.

Q. Who assigned the berth to you?—A. Who assigned the berth?

Q. Yes.—A. We had entered the canal.

Q. Even in the canal, somebody assigns berths to ships; otherwise there might be some quarrel as to a particular berth.—A. If you want to pull into anybody's coal dock, and tie up for coal, that is your privilege.

Q. Is that the only place you stopped?—A. That was the only place.

Q. How long were you coaling?—A. We were unable to coal that night, and the next day the men did not come to work, being it was a holiday of some kind, and I got around in the morning, and got hold of a foreman, and he procured men which came along after a while, and coaled us up, and as near as I can recollect, we passed out some time the following afternoon at Lachine.

Q. What holiday was it?—A. I cannot just remember.

Q. Was it a religious—A. If you have the date when we were there, you can easily trace what holiday it was.

Q. I only have the date when you left, June 30th.—A. The records of the canal would show the other.

Q. Were you on the trip on the 1st of October, 1924, out of St. Pierre to Walkerville?—A. Yes, sir.

Q. Describe that trip?—A. That trip was exactly the same as the other. The only difference was that instead of coaling at Robinson's, we coaled at, I think it was, the George Hall, on a Sunday afternoon.

Q. What time did you go into the lower lock?—A. Into the lower lock? We went into the lower lock some time around two o'clock on Sunday afternoon.

Q. When did you lock out?—A. We locked out—after coaling, we left, on Sunday night, about ten o'clock, or something like that.

Q. What time did you lock out?—A. We locked out somewhere after midnight.

Q. And you did not stop at any wharf except the George Hall Coal Company?—A. No, sir.

Q. Now, will you describe the trip of the 1st of October, 1924—is that the one I gave you before?—A. That is the one you just gave me.

Q. Well, the trip of the 15th of August, 1924.—A. The 15th of August? Exactly the same procedure.

Q. What time did you lock in?—A. I would have to go back, that is all, I would have to get the canal records or something to just show me.

Q. What makes you so certain in the case of the other two?—A. The other two, I just happened to remember them.

Q. You do not happen to remember this one?—A. No, sir.

Q. Was it at night?—A. I think it was.

Q. And you went out either the next morning or the next day?—A. Something like that.

Q. Did you coal?—A. Yes.

Q. Where?—A. We had to coal somewhere in the canal.

Q. Where?—A. Either at Robertson, most likely Robertson's I think, on this trip.

Q. And did not stop anywhere after leaving the coast?—A. No, sir.

Q. Were you the shipper at the plant?—A. Well sir, I used to act as shipper.

Q. Did you ship any denatured alcohol?—A. Yes, sir.

Q. Did you ship all denatured alcohol that went from the plant in 1925?—A. Maybe.

Q. Did you?—A. Well, I could not say.

Q. Was there anybody else shipping?—A. I could not say that either.

Q. Could not say whether there was somebody else shipping in your plant?—A. No.

Q. Why could you not say that?—A. Well, because they might ship sometimes when I am not there.

Q. In the night?—A. No.

Q. When a man is the shipper he usually knows who does the shipping?—A. A man that is working sometimes has a day off.

Q. Did you have a day off during this period when the denatured alcohol—.—A. There were days when I did not go out to the plant.

Q. And who did the shipping when you were not there?—A. Well, I could not say that either.

Q. You do not recollect the names of any shippers?—A. No.

Q. How was the denatured alcohol which you shipped from the plant, by boat or by rail?—A. Shipped by rail.

Q. What railway?—A. C.P.R., Canadian National.

Q. Where was it unloaded?—A. How do you mean, where was it unloaded?

Q. Where was it delivered to?—A. Where was it delivered to?

Q. Yes, in Canada or the United States?—A. In the United States.

Q. Where?—A. Well. now, I could not tell you that.

Q. You could not tell me that either?—A. If you were to hand me documents and say, "did you make this shipment," or "did you make that shipment," I might possibly be able to recollect.

Q. I thought that was absolutely unnecessary in view of your very good memory?—A. My memory is not absolutely perfect, pretty fair.

Q. One of these slipping memories, is that it?—A. No, not exactly a slipping memory.

Q. This was only six months ago Mr. Harbert? Should not your recollection of that be at least as good as the trips made in 1924, in which you gave the hours to the quarter, when you told us about locking in, you said, about 6.15?—A. Possibly, if you have ever taken a voyage, Mr. Calder, you know that the hours on a boat, when you have absolutely nothing else to do, are far more vivid in your memory than the hours of something you are working at and doing every day.

Q. Well, you did these trips pretty frequently, they must have got monotonous?—A. Oh, no.

Mr. CALDER: That is all.

The CHAIRMAN: That is all.

By Mr. Dillon:

Q. You started in to explain something and you were told not to make a speech. You were referring to Mr. Cooper having said on oath he had your word if shipments were unloaded in American waters?—A. Yes sir.

Q. Would you mind explaining to the Committee, giving the Committee the explanation you were not allowed to give?—A. I felt that, being that I was called here as a witness, surely that my word was respected by the Committee, surely they were willing to accept my word, otherwise why did they call me?

By Mr. Calder, K.C.:

Q. You have heard of hostile witnesses?—A. Hostile witnesses?

Q. Yes. Mr. Dillon will explain to you that very frequently we have to call hostile witnesses?—A. I certainly did not come here to be hostile, Mr. Calder.

Q. Because you call a witness it does not necessarily mean that you are going to adopt all that he says, you may call a witness to find out things from him which sometimes he tells subconsciously?—A. I felt if I was called here that there was a certain amount of respect due to me.

Q. Well, who has been wanting in respect to you?—A. I thought that was very uncalled for.

Q. Which action, not of mine?—A. No, of Mr. Stevens.

Mr. STEVENS: I am going to put it to you now.

By Mr. Dillon:

Q. Mr. Harbert, is it not your personal knowledge that these cargoes were absolutely unloaded in American territory?—A. Absolutely unloaded in American territory.

By Hon. Mr. Stevens:

Q. Mr. Harbert, the question I put to Mr. Cooper and which I am going to put to you is this: The only certificate or guarantee that the Canadian customs

has that this cargo was landed in the United States is the word of the supercargo, an employee of the owners of the cargo?—A. But, Mr. Stevens—

Q. Would you answer my question?—A. Yes.

Q. That is correct, is it not?—A. Exactly.

Q. Now then, let me just say one word. I asked that question in perfect good faith; it does not follow that I am reflecting upon your word. The point is this—I am making this for your own guidance—that in matters of high public importance the word of an individual interested in a thing may not be the soundest authority; a man might be prejudiced. Then, I will add this observation; that I think it is highly improper for a government to rest its security upon the say-so of a person interested in a cargo. Now, the whole meaning of my question, the whole import of my question—.—A. I withdraw what I said before, Mr. Stevens.

Mr. DILLON: Is Mr. Harbert discharged.

The CHAIRMAN: Oh, yes.

Committee adjourned at 5.45 p.m., until Tuesday morning, June 1, 1926, at 10.30 a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 57—TUESDAY, JUNE 1, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. J. W. Lomax, Montreal, Que.
Mr. Daniel Francis Sheehy, Montreal, Que.
Mr. Alfred H. Hill, Sales Manager, Francis Hankin & Co., Montreal, Que.
Mr. William A. Wilson, Williams & Wilson, Montreal, Que.
Mr. William Sutherland, G. & J. Esplin and Company, Montreal, Que.
Mr. J. S. Hughes, Paying Teller, Bank of Montreal, St. Peter and St. James Sts., Montreal, Que.
Mr. C. K. Stewart, Montreal, Que.
Mr. J. E. Lally, Customs-Excise Officer, Montreal, Que.
Mr. Charles Harwood, Shipper, Hiram Walker & Sons, Limited, Walkerville, Ont.
Mr. George B. Lodge, Customs Officer, Walkerville, Ont
Mr. William James Hushion, Montreal, Que.
Mr. A. E. Nash, Clarkson, Gordon & Dilworth, Toronto, Ont.

OTTAWA
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1926

EXHIBITS FILED

No. 200—Regulations of Department of Customs and Excise respecting exportation of liquor.

No. 201—Official file containing record of shipments of denatured alcohol from the Dominion Distilleries.

No 202—Copies of bills of lading sent by Hiram Walker & Sons, Limited, to Mr. Nash.

MINUTES OF PROCEEDINGS

TUESDAY, 1st June, 1926.

The Committee met at 10.30 a.m., Mr. Mercier, the Chairman, presiding.

Present: Messrs. Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Père and Stevens—7.

Committee counsel present: Messrs. Calder and Tighe.

The minutes of the last meeting—28th May—were read and adopted, with an amendment that Mr. Cooper was not then discharged but released until to-day.

The auditors submitted their Eighth Interim Report.

Advice was received from the Canadian National Telegraph Company that the Western Freighters Limited, Vancouver, B.C., went out of business in February last, and that consequently the summons sent by telegram to the manager is undelivered.

A letter was received from Dr. Fowler of Victoria, B.C., respecting the indisposition of Mr. E. S. Busby, summoned to appear as a witness.

Moved by Hon. Mr. Stevens,—That a summons be issued for the appearance before this Committee on Wednesday next of the following:—

1. Fred Dobson, 109a Archibald street, Montreal.
2. Frank Graham, Dominion Distilleries, Montreal.
3. John McCarthy, 51 McGill street, or 15 Centre street, Montreal.
4. Paul Lacroix, 1086 St. Denis street, Montreal.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the following be summoned for Monday, 7th June:—

1. Sylvan Crust, Lunenburg, N.S.
2. Captain Levinus Wentzell, Lunenburg, N.S.
3. Captain Titus Wentzell, Lunenburg, N.S.
4. Howard Whynacht, Lunenburg, N.S.
5. Albert W. Himmellman, Mahone Bay, N.S.

Motion agreed to.

Moved by Mr. Kennedy,—That the following witness be summoned for Friday, the 4th day of June, 1926, at 10.30 a.m., viz:—

R. B. Teakle, Canadian Merchant Marine, Montreal, and that he produce all records including the logs pertaining to the "Prince Albert" for the months of February and March, 1924.

Motion agreed to.

Dominion Distilleries Limited

Messrs. Dillon and Furlong, counsel, were in attendance.

The following witnesses were called, sworn, examined and discharged:—

1. Mr. J. W. Lomax, Montreal.
2. Mr. Daniel Francis Sheehy, Montreal.
3. Mr. Alfred H. Hill, sales manager, Francis Hankin and Company, Montreal.

4. Mr. William A. Wilson, Williams & Wilson, Montreal.
5. Mr. William Sutherland, G. & J. Esplin and Company, Montreal.
6. Mr. J. S. Hughes, paying teller, Bank of Montreal, St. Peter and St. James street branch, Montreal.
7. Mr. C. K. Stewart, Montreal.

Hon. Mr. Stevens filed,—

Exhibit No. 200—Regulations of Department of Customs and Excise respecting exportation of liquor.

The name of Mr. G. D. Farquhar of the Farquhar Steamship Company, Halifax, being called, Mr. Farquhar did not respond. Mr. Calder stated that it was Mr. J. G. Farquhar of that company who was required. Ordered, That the Clerk telegraph to Mr. J. G. Farquhar.

8. Mr. J. E. Lally, Customs-Excise Officer, Montreal.

Mr. Lally filed,—

Exhibit No. 201—Official file containing record of shipments of denatured alcohol from the Dominion Distilleries.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

9. Mr. Charles Harwood, shipper, Hiram Walker & Sons, Limited, Walkerville, Ont.

Mr. Calder filed,—

Exhibit No. 202—Copies of bills of lading sent by Hiram Walker & Sons Limited to Mr. Nash.

10. Mr. George B. Lodge, Customs Officer, Walkerville, Ont.
11. Mr. William James Hushion, Montreal.
12. Mr. A. E. Nash, Clarkson, Gordon & Dilworth, chartered accountants, Toronto.

Mr. James Cooper of Walkerville, Ont., in attendance as a witness, was discharged.

Mr. Calder read into the record a letter dated December 6, 1923, addressed to him from Hon. Mr. Bureau, respecting the matter of St. Cesaire, the Brisbois and the Masson car.

Moved by Hon. Mr. Stevens—That the following be summoned to appear before the Committee on Thursday, June 3, 1926.

1. Mr. J. A. E. Bisaillon, Montreal—*re* seizure October 1924.
2. Mr. J. Kellert, Preventive Staff-Montreal.
3. Mr. A. Laing, Sales Tax Staff—Montreal.
4. Mr. C. F. Stone, Sales Tax Staff—Montreal.
5. Mr. J. H. Brice, C.G.A.—Sherbrooke, Que. (Did some work for R. & G. and possibly others.)
6. Mr. A. Sawyer, Customs Officer, Freight Shed—Rock Island.
7. Mr. N. C. Knight, Sub-Collector, Rock Island.
8. Mr. J. F. Paquette, Customs Officer, Rock Island.
9. Mr. E. Brownlee, Collector, Beebe, Que.
10. Mr. D. F. Maranville, Customs Officer in charge, Beebe, Que.
11. Mr. Holmes, or others on main road staff, Rock Island.
12. Mr. J. H. Gauthier, R. & G. Manufacturing Company, Rock Island.
13. Mr. H. G. Duncalfe, R. & G. Manufacturing Company, Rock Island.
14. Mr. Alfred Bissonnette, of Peerless Overall Company, Rock Island.

15. Mr. Allan J. Moore, of Peerless Overall Company, Rock Island.
16. Mr. J. H. Turner, President of Snag Proof Ltd., Beebe, Que.
17. Mr. W. J. Gilmore, of James A. Gilmore & Company, Rock Island.
18. Mr. H. F. Gilmore, of James A. Gilmore & Company, Rock Island.
19. Mr. L. P. House, President, B. B. Glove Company Ltd., Beebe, Que.
20. Mr. V. A. Davis, Sec.-Treas, B. B. Glove Company Ltd., Beebe, Que.
21. Mr. C. J. Marois, Globe Suspender Co. and Eastern Apparel Manufacturing Company. (Present Owner of Eastern Apparel Co., Rock Island.)
22. Mr. H. S. Pocock, of Perfecto Manufacturing Company (owner), Beebe, Que.
23. Mr. George Boisvert, of Rock Island Overall Company.
24. Mr. P. M. Poaps, President of J. B. Goodhue Company Ltd., Rock Island.
25. Mr. W. V. Poaps, Secretary of J. B. Goodhue Company, Ltd., Rock Island.
26. Mr. C. R. Jenkins, of Jenkins Overalls Ltd., Rock Island.
27. Mr. T. O. Chapman, of Telford & Chapman Ltd., Rock Island.
28. Mr. W. F. Pike, of Standard Manufacturing Co. (owner) Rock Island.
29. Mr. D. J. Sandilands, of Reliable Garments Ltd., Rock Island.
30. Mr. S. B. Telford, Owner of Telford Bros. Garment, Rock Island.
31. Mr. O. F. Ticehurst, President of Stanstead Manufacturing Co. Ltd., Stanstead, Que.

Motion agreed to.

The Committee adjourned until to-morrow at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

TUESDAY, June 1st, 1926.

The Special Committee appointed to investigate the Department of Customs and Excise and charges relating thereto, met at 10.30 a.m., the Chairman, Mr. Mercier, presiding.

J. W. LOMAX called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Lomax, are you an expert on questioned documents?—A. Yes.

Q. State your experience?—A. For the past eighteen years I have given a study pertaining to matters in writing and questioned documents and have been very frequently a witness before courts in cases where such questions have arisen.

Q. Are you a pupil of Mr. Osborne?—A. I am his Montreal correspondent.

The CHAIRMAN: Of New York?

The WITNESS: He is looked upon as being dean of the authorities.

By Mr. Calder, K.C.:

Q. Have you examined certain books of the Dominion Distilleries with a view to testing whether or not they had been recently written up?—A. Yes, sir.

Q. What books did you examine?—A. The cheque voucher register, cash register, journal, another book marked journal, and a sales book and another book marked cash register and general ledger.

Q. What was the result of your examination as regards the cheque voucher register?—A. I would say that the whole of that book was written within six or seven weeks of the time it was given to me, and I made my examination on 31st March and 7th and 8th April.

Q. As to the date, do you recall, when you say the books were written, just six weeks preceding, a certain date?—A. I will give it the 31st of March.

Q. What test did you apply to the ink?—A. The only test I needed to apply was the water test.

Q. What does that consist of?—A. The placing of a minute spot of water upon a given line and watching the diffusion of the ink, if any. In new writing the ink will diffuse immediately, and as it becomes older the length of time for the diffusion is longer on account of the tints forming by the iron in the ink, and after two or three months the water would have little effect upon it and then we would have to have recourse to chemicals to make a proper test.

Q. In this case, resort to chemicals was not necessary?—A. No.

Q. And for the purpose of taking further tests you have kept, from time to time in a book you have, samples of ink written at a certain date?—A. I have samples of a great many inks and keep these samples written up every month so that I have samples of ink to which I could refer and compare inks that are submitted to me.

Q. So that the writing having reacted to the water, it was certain that the writing was done within the last three months?—A. In my opinion, undoubtedly.

Q. Did you examine the ink through a microscope?—A. Yes.

Q. What was the result?—A. Perfectly fresh ink. The pages were pasted together.

Q. And as far as the pages that were pasted together was concerned, the paste fastening the leaves together, what did you find?—A. The paste was fresh paste. The pages are double length pages and are joined with paste in the middle and the paste was still fresh and pliable.

Q. So, not only was the writing fresh, but the book in which the writing was made was fresh also?—A. Yes.

Q. You have also seen an invoice which shows that the binder was bought recently?—A. The binder was bought on the 16th February, 1926.

Q. Have you any other observations to make on this particular book?—A. No.

Q. What was the next book?

Mr. DILLON, K.C.: Will you please identify the book by some number?

Mr. CALDER, K.C.: I may say that all the books were listed by Mr. Nash in a list. I do not think there is any other book.

Mr. DILLON, K.C.: If it has a number or anything so it could be identified.

The WITNESS: It is marked here exhibit 176.

By Mr. Calder, K.C.:

Q. What is the earliest date shown in the book?—A. March, 1924.

Q. March, '24, what is the latest date?—A. June, 1925.

Q. Under the test is there any sensible difference between the writing on the first date and the writing on the last date?—A. No, sir.

Q. What is the next book you examined?—A. No. 993. I do not think there was any number on the book or any name.

Q. How is that book described?—A. Exhibit 179.

Q. What did you find in connection with that book?—A. I found that the writing in this book did not react to the water test but reacted to a test with a five per cent solution of oxalic acid, and I would say that the writing in this book was probably done at or about the dates the writing bears.

Q. So that this book, as far as the writing is concerned would be a genuine book?—A. Yes, I would say so.

Q. What is the next book? What have you to say as to this book, exhibit 178?—A. On page 2 of cash register, exhibit 178, it is dated March 6th to 26th, 1924, and a microscopical examination of the writing on this page showed that the ink was a very little darker than page 15, for instance, which still has a blue color of perfectly fresh writing. On page 15, it is dated, June, 1925, and I tried the water test on two or three of these pages and got no results. The oxalic acid test was used and I would say the writing in this book had been written probably within three or four months of the time I saw the book. That test was instantaneous.

Q. That would be March 30th?—A. Yes, sir.

Q. Now, will you take the Journal, and quote its exhibit number?—A. The Journal is filed as exhibit No. 177.

Q. What have you to say of that?—A. Under the date of March 1st, 1924, the water test responded immediately for 1924, and the ink coloring came out upon the blotter. When I used the blotting paper as quickly as it was possible for me to use it, after putting on the water, the diffusion of the coloring in the ink was very rapid. With oxalic acid I had no sooner got the acid than the color disappeared altogether.

Q. What did that show?—A. It showed, in my opinion, that it had been recently written.

Q. Could you state within what period of time?—A. I would say about the same period as the last book I mentioned.

Q. That is, within three months?—A. Yes.

Q. There is another book which is marked "Journal," did you examine that too?—A. The next book I examined is exhibit No. 184, marked "Journal."

The coloring of this book ran with the water test, immediately, and again the coloring came from the ink onto the blotter. I made a test on my own test sheets for writing done under the same date, and I got no reaction whatever.

Q. Had you been informed as to what ink this book had been written in? —A. Yes, Waterman's Ideal Fountain Pen ink, and I tested the same ink on my own test sheets and could get no reaction, for the date of July, 1925.

Q. What does your examination of this book lead you to as a conclusion? —A. That the writing was done long after July, 1925.

Q. Can you tell within what period limit it would be written, before your examination?—A. I would again say it was written within three months of the time I saw the book.

Q. Will you now take "Sales Summary" and quote its exhibit number?— A. The "Sales Summary" is filed as exhibit number 182. The water test showed no reaction; I tried in five places in this book, and I would say that that book was written at or near the date given, which commences on the 1st of July, 1925.

Q. Now, look at the "Cash Register" and quote its exhibit number?— A. The "Cash Register" is filed as exhibit 185. The water test, on page 1, which is dated July, 1925, reacted immediately again; the colouring came off on the blotting paper. Under the microscope, 25 power, the colouring on page 1, July, 1925, is practically the same as for February, 1926; I do not think there was that difference in the writing of these two pages; that is, July, 1925, and February, 1926; they were written practically at or about the same time.

Q. Did you go further back in the book, with your test, than July, 1925? —A. The book does not go further back than July, 1925.

Q. What is your conclusion in consequence of your examination?—A. I would think that the book had been written much more recently than the dates in it would imply.

Q. Take the next book, and quote its exhibit number; that is, the second half of the ledger?—A. The second part of the book marked "General Ledger" is filed as exhibit 179. The figure "4" in 1924, reacted to the water test immediately.

Q. That is in the first account of the ledger?—A. Yes, the first account of the ledger.

Q. Meaning by that, the earliest in date?—A. Yes.

By Hon. Mr. Stevens:

Q. It is in the second half of the ledger?—A. That would be the first half of the ledger.

By Mr. Calder, K.C.:

Q. What is the exhibit number of the ledger?—A. Exhibit No. 179.

Q. Which is the second half?—A. No, it is the first half.

Q. Meaning that is the earliest of the two ledger books?—A. Yes, sir.

Q. You were saying that the colouring came off?—A. Yes, in that account.

Q. There is another account, number 13. What is the heading of that account?—A. In-Duty.

Q. That would mean, duty inwards?—A. I suppose. Account No. 13 did not react to the water test, but reacted to the acid test. That account is dated March 1, 1924, "Stationery and Printing."

Account No. 503, "Surplus Undivided Profits," is the heading of account No. 503. That showed no reaction to the water test. I would say, for instance, that account No. 1 in this book had been written long after the date it bears. The others may possibly have been written at or about the date they bear.

Q. Account No. 1, which is the earliest in date, and which is headed "In-Duty" is the one most recently written; and written much more recently than any of the other accounts?—A. That is my opinion.

Witness discharged.

DANIEL FRANCIS SHEEHY, called and sworn.

By Mr. Calder, K.C.:

Q. Are you in business in Montreal?—A. Yes.

Q. In the course of your business, did you have anything to do with the Dominion Distilleries?—A. Yes.

Q. Did you, on the 23rd of September, 1925, receive from the Dominion Distilleries a cheque for the amount of $402?—A. No.

Q. You did not?—A. I might say I got a letter from the auditors asking about that. I looked it up, and wrote to them saying that I had not received it.

Witness discharged.

ALFRED H. HILL, called and sworn.

By Mr. Calder, K.C.:

Q. What is your occupation?—A. I am Sales Manager for Francis Hankin and Company.

Q. Who deal in what?—A. Municipal supplies; water filtration supplies; sewage disposal supplies; and incinerators.

Q. Did your firm have any dealings with the Dominion Distilleries?—A. We did; we supplied them with a water filtration plant.

Q. Do you know when that transaction took place? Before you give that answer; was that the only transaction you had with them?—A. We supplied them with a little equipment in connection with the filtration plant; that is, supplies for it.

Q. When did you supply the filtration plant?—A. Our order from them was on November 11th, 1925.

Q. Had you supplied them with anything prior to that date?—A. Nothing at all, not to my knowledge.

Q. You have examined the records, have you not?—A. Unfortunately, I did not, as my instructions to appear simply said, "Take notice you are hereby summoned to appear at Ottawa and give evidence before the Committee of the House, Customs Inquiry," without any detail. I took a shot that it might be this. I did not go very closely into it.

Q. Did you examine the records of F. Hankin and Company to find out whether or not they had received, on the 30th of October, 1925, from the Dominion Distillers, a cheque for $342.56?—A. I examined the records and we have no such cheque.

By Hon. Mr. Stevens:

Q. What are these filtration plants for?—A. For purifying water.

Q. What is the capacity of this one?—A. Now you are asking me something. If you will give me a second or two, I may be able to figure it out. (Witness figures.) Roughly, about five hundred Imperial gallons per minute.

Q. When did you install it?—A. We supplied it on November 30th, 1925.

Q. And when did you install it?—A. We installed it somewhere between the 25th and 30th of November, 1925.

By the Chairman:

Q. What is the cost of that?—A. $1,314.

By Mr. Calder, K.C.:

Q. Was that a rush order?—A. Yes, that was quite a rush order. We happened to have the filter partly manufactured, and they asked us to rush it, and we rushed it pretty near night and day.

Q. You were paid?—A. We were paid.

By the Chairman:

Q. A portion of the order amounted to $600?—A. We were paid on December 31st, $613.36; on January 2nd, $714. That makes a total of $1,327.36. That is to be explained by the fact that on December 17th we supplied a little chemical crystal lump alum, to the value of $13.36.

Witness discharged.

WILLIAM A. WILSON, called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Wilson, what do you deal in?—A. Machinery and supplies, and machinery conracts.

Q. What kind of machinery and supplies?—A. Anything you would see in a railroad shop, or sash and door factory, anything in that line; physical machinery.

Q. Certain questions were asked of you by the auditor?—A. I received a letter.

Q. In consequence of that letter, you looked up a certain specific point?—A. Yes.

Q. Will you tell us whether or not on the 26th of November, 1925, your firm received from the Dominion Distilleries a cheque for $352.40?—A. If that is the cheque referred to in the letter I received from Messrs. Clarkson and Company, we did not receive it.

Mr. CALDER, K.C.: Mr. Chairman, will it be necessary to have the auditor prove this cheque?

The CHAIRMAN: No.

By Mr. Calder, K.C.:

Q. Did you have any dealings with the Dominion Distilleries at all?—A. Yes.

Q. What?—A. We supplied them with considerable equipment.

Q. What kind of equipment?—A. Elevating and conveying machinery, and other machinery supplies.

Q. When was that?—A. I do not know how long it extended; last fall, principally; summer and fall; I do not remember exactly.

Witness discharged.

Mr. CALDER, K.C.: I call a representative of Esplin and Company.

WILLIAM SUTHERLAND, called and sworn.

By Mr. Calder, K.C.:

Q. Are you in the employ of G. & J. Esplin and Company?—A. Yes sir.

Q. What do they deal in?—A. Wooden boxes, and lumber.

Q. Were you the man in the employ of that firm who looked up a certain point about which the auditors were curious, during their investigation?—A. Yes.

Q. Have you got the letter they wrote to you?—A. Yes.

Q. You were asked to look up whether the cheque dated the 7th of January, 1926, for $360.50 had been issued to you from the Dominion Distillers, Limited?—A. Yes.

Q. And had it been?—A. No, we had no invoice or invoices, that would have made up that amount.

By the Chairman:

Q. You never received that cheque?—A. No.

Witness discharged.

J. S. HUGHES, called and sworn.

By Mr. Calder, K.C.:

Q. Are you one of the paying tellers of the Bank of Montreal, St. Peter and St. James Streets, Montreal?—A. Yes sir.

Q. Are you the paying teller for the account of Dominion Distillery Products Company?—A. Yes sir.

Q. Or were you at the time that company was operating under that name?—A. Yes sir.

Q. Do you know whether the following cheques were passed through the account: Cheque No. 1365, D. F. Sheehy, 23rd September, 1925, for $402?—A. Yes, sir, that was cashed by me on that date.

Q. To whom did you cash that cheque?—A. Mr. Nicol, the representative of the Dominion Distilleries.

Q. How did you come to cash the cheque for D. F. Sheehy, which was in his name?—A. The cheque was not payable to Mr. D. F. Sheehy; it must have been payable to cash, as far as I can remember.

Q. Are you certain it was not made payable to D. F. Sheehy, at any rate?—A. I am certain I would not pay it to Mr. Nicol, if it was payable to anybody else.

Q. Have you a record of the following cheques: No. 1799, for $342.56, which cheque appears to have been issued to F. Hankin & Company, 30th October, 1925?—A. Yes sir.

Q. Was that also paid to Mr. Nicol?—A. Yes, that was paid to Mr. Nicol.

Q. In cash?—A. I am not positive; I would not pay that to Mr. Nicol, if it was payable to the company.

Q. Cheque No. 1945, for $352.40, dated the 26th of November, 1925, payable to Williams & Wilson; what disposition was made of that cheque?—A. That was also paid to Mr. Nicol.

Q. Can you recollect whether that was payable to Williams & Wilson?—A. I do not think I would pay it to Mr. Nicol, if payable to Williams & Wilson.

Q. You are quite certain you would not pay out a cheque to Mr. Nicol, which was made payable to the partnership or company?—A. No sir.

Q. If that appeared on the cheque?—A. That cheque would have to go through the Clearing in the usual manner.

Q. Have you a record of cheque No. 2169, for $360.50, dated January 7, 1926, issued to G. & J. Esplin? Do you know to whom that was paid?—A. To Mr. Nicol.

Q. Have you a record of cheque dated 24th of April, 1925, for $400?—A. I have one for $400, but not of that date; I have it here as July 15.

Q. We have heard about that cheque also. You have a cheque of the 15th of July, which went through the account, for $400?—A. Yes sir.

Q. To whom was that cheque paid?—A. Well, I have not got the name here, sir.

Q. Have you one of the 15th of June, 1925, for $634?—A. No, sir, that is all I have; five cheques.

Q. Have you one of the 14th of May for $400?—A. No, sir. The only one that we paid was July 15.

Q. Would you be the only teller who would pass those cheques on this account?—A. There is another paying teller.

Q. Another paying teller replaces you at another time of the day?—A. No, there are two paying tellers on the floor at the same time.

Q. And the cheque might be put through this company's account, which you would not pay?—A. That may be, yes, sir.

Q. Did Mr. Jensen authorize you to make any statement with respect to other cheques?—A. No, sir.

Q. These would be cheques on current account?—A. Yes, cheques on current account.

Q. And they would be returned to the company?—A. Yes, at the end of the month, with a monthly statement.

Q. Do you know who took the cheques at the end of the month?—A. As far as I know, their representative, Mr. Nicol, but I am not sure.

Witness discharged.

C. K. STEWART called and sworn.

By the Chairman:

Q. Montreal?—A. Yes, sir.

Mr. DONAGHY: I would like to have an explanation of the evidence of the last three witnesses, as to what it is driving at.

Mr. CALDER, K.C.: The point is, the books have been rewritten. There is an alternative that Mr. Nicol may have written these books up to cover up his own embezzlement. Now, the purpose of calling these witnesses is to repudiate that, or to show that so far as covering his own embezzlements were concerned, his embezzlements have been discovered through the books. Consequently, the other alternative that we suggest that they were rewritten for the purposes of the company and not for the private purposes of Mr. Nicol is the correct alternative.

Mr. DONAGHY: Is it right that these cheques that have been cashed are moneys which the bookkeeper received by cashing these cheques improperly?

Mr. CALDER, K.C.: Yes, exactly.

Mr. DONAGHY: Where is he now?

Mr. CALDER, K.C.: Buenos Ayres. I had to meet that alternative, as that matter might have arisen in the minds of counsel or the Committee that that was the purpose of rewriting. I have now shown what was the actual purpose. That does not cover embezzlement.

By Mr. Calder, K.C.:

Q. Mr. Stewart, are you the registered owner of the Frank H., the Bernard M., the Fred B. and Glen Allen?—A. No, I am the registered owner of the Bernard M. and Frank H.

Q. Not the Fred B. and Glen Allen?—A. The Fred B. and Bernard M. are one and the same.

Q. Is there any identity between the Frank H. and Glen Allen?—A. The Frank H. and Glen Allen I know nothing about.

By Hon. Mr. Stevens:

Q. I thought you said a moment ago that you were the owner of the Frank H.?—A. I am registered as owner of the Frank H. and Bernard M.

Q. The Glen Allen, you mean you know nothing about?—A. The Glen Allen I know nothing about.

By Mr. Calder, K.C.:

Q. Do you own these boats?—A. I own certain of the shares in them.

Q. How many shares have you got?—A. In order to qualify to be an owner you have to have 64 shares.

Q. Have you 64 shares?—A. I have never received them.

Q. Did you purchase them?—A. I purchased the boat for other parties.

Q. Who are the other parties?—A. C. P. Chartier of St. Pierre-Miquelon.

Q. Any other parties?—A. St. Pierre-Miquelon, C. P. Chartier, and Mr. C. P. Chartier is French and belongs in France and is not entitled to own a British ship.

Q. You purchased the boat in order that it might be registered in Canadian waters?—A. Yes.

Q. What is the port of registry of these two boats?—A. Halifax.

Q. There are mortgages in favour of Mr. Cooper on these boats, are there not?—A. Yes.

Q. What is the origin of the mortgage? Was it before or after you became the nominal owner?—A. It was put on because I did not have the money and in order to make it legal, it had to be a mortgage.

Q. Are you the mortgagor in these mortgages?—A. I think I am.

Q. So the process was this, you acquired nominally these two boats for Mr. Chartier?—A. Yes.

Q. And then you mortgaged them to Mr. Cooper?—A. Yes.

Q. Did Mr. Cooper pay anything in respect to the mortgages?—A. That I could not tell you; I was not present at the time the transaction was made.

Q. Do you know the National Export Company?—A. No, sir.

Q. I understand you have signed certain export entries in connection with a shipment of wine made by the National Export Company?—A. Where from?

Q. I will show you them in a minute. Will you look at the signature on export entry now shown you, dated May 31, 1924, and state whether that is your handwriting?—A. No, sir.

Q. It is not?—A. No, sir.

Q. Did you authorize anybody to sign for you?—A. No, sir.

Q. Do you know this handwriting?—A. I do not.

Q. Where were you on May 31, 1924? Do you recollect where you were in May, 1924?—A. I believe I was in Montreal; I could not say for certain.

Q. This appears to be dated from Montreal, May 31. Did you have anything to do with shipments made by the George Companies from Halifax?—A. From Halifax?

Q. Yes.—A. By the St. George Import and Export Company?

Q. Yes.—A. Yes.

Q. The St. George Import and Export were not in Halifax.—A. In St. Pierre-Miquelon.

Q. You mean you had something to do with the shipments of the St. George Import and Export Company at St. Pierre-Miquelon?—A. Yes.

Q. What did you have to do with that?—A. I saw they were loaded on board the boat and taken to St. Pierre-Miquelon.

Q. Did you do this from Halifax or St. Pierre?—A. Both Halifax and St. Pierre. The goods came through from the distillery, and the shipment was made at Halifax and it was loaded on board the boat and taken to St. Pierre.

Q. The shipment from the Dominion Distillery would be made to Halifax?—A. By railway.

Q. And loaded on board a boat and sent to St. Pierre?—A. Yes.

Q. Did you accompany the cargo?—A. Yes, sir.

Q. Were they landed there?—A. Sometimes they were; it depended on the order of Mr. Chartier whether they were to be landed or cleared otherwise.

Q. Were they cleared for St. Pierre?—A. Cleared from Halifax.

Q. Sometimes they were not unloaded. We are told by Mr. Cooper it was impossible to escape the rigid regulations, especially at the French port and they would not be landed?—A. The proceeding would be to arrive at St. Pierre and anchor in the stream, and I would go ashore with the pilot and would report to the French Customs, and would go to Mr. Chartier's office and hand in the shipping bills, and if Mr. Chartier wished the goods placed he would so say and the goods would be unloaded.

Q. They would be unloaded into the stream, or lightered into other boats, or landed ashore?—A. Under supervision of the French Customs Official.

Q. They would consider lightering into the boats as landing?—A. Yes, in the French port.

Q. Did you ever pay any money to Captain Neill Hall at the port of Montreal?—A. Did I ever advance him money?

Q. Yes, in connection with shipments?—A. I advanced money to pay bills.

Q. Captain Neill Hall was acting as your agent for the payment of the bills?—A. I would leave the money at his office for other people to come and get it.

Q. Did you ever pay him any commissions?—A. No, sir.

Q. Will you look at two papers now shown you; (evening papers) which I will not describe or read for the present and state whether you know anything about these payments?—A. Yes, these bills were all paid in Halifax for supplies.

Q. I may say that now this transaction has been recognized by the witness, I have no longer any hesitation in proceeding with it. These are from papers, I am instructed, which were found in the files of the Dominion Distilleries which I will justify later, and which contain a number of documents, and the one to which I am referring reads as follows:

"C. Nat. June 9, 1924.

HALIFAX, Nova Scotia.

Kindly forward $3,000 to pay balance account Stewart will explain.

(Signed) NEILL HALL."

To this is attached a slip which shows a number of payments, which are as follows:

Cash to Captain Wells, paid	$ 300 00
Dalton & Taylor, paid	84 37
One bill, paid	10 00
Water for the ship	16 00
Compass adjusting, paid	25 00
Howard's	1,300 00
Loading cargo	130 80
Purdy Bros	705 47
Arthur and Conn	371 78
W. Robertson and Sons	738 27
Wharfage and water	25 00
Canadian inspection	55 00
Cash	100 00
Agent's fee	300 00"

Q. Who was the agent?—A. The agent's fee, that is one item I do not know anything about. I would be the only agent.

Q. This would not be for you?—A. I have received several commissions.

Q. Was it on this occasion? We see the entry, Captain Neill Hall was asking for $3,000 to pay balance of account, and is included in this list of charges which comes to within $47 of $3,000. It also says "Stewart will explain." You must have been in Montreal?—A. I was in Halifax. If you will allow me to explain, these charges are for repairs, for ship's repairs, and Howard's bill is for grocery supplies, and Arthur and Conn for electrical supplies. When I came to clear the ship I did not have enough money to pay outstanding bills, and I went and asked Captain Hall if he would allow me to use his office to guarantee this amount, in case some people might think I was running away without paying the bills. Captain Hall certified and the money was forwarded in his care for me and the bills were later paid.

Q. That would explain every payment except the Agent's fee. I take it you were on the way from Halifax, and $3,000 were wired Captain Neill Hall including agent's fees. May I suggest that that is his fee?

Hon. Mr. STEVENS: Ten per cent.

The WITNESS: A man in that business possibly would be looking for something as he would be handling somebody else's business.

By Mr. Calder, K.C.:

Q. You have no doubt it was his fee?—A. I would not say I have; I would not say I am sure.

Mr. CALDER, K.C.: I might mention that these papers are already listed in the production list which Mr. Nash will file.

Mr. DILLON, K.C.: Do I understand you to say they have been filed?

Mr. CALDER, K.C.: Just of the list of the productions.

Mr. DILLON, K.C.: These have no distinguishing numbers.

Mr. CALDER, K.C.: We will set a number for each.

Mr. DILLON, K.C.: Will you give me the date, approximately?

Mr. CALDER, K.C.: June 9th, 1924, is the date placed upon the note of Neill Hall. That is the note which I read into the record and at the bottom of the note it has June 9th, 1924.

By Mr. Calder, K.C.:

Q. Were any shipments ever unloaded at Halifax?—A. No, sir.

Q. Do you remember whether cargoes were insured for round trips from Halifax to St. Pierre and back to Halifax?—A. Yes, all cargoes would be insured that way; I will explain the reason.

Q. I want to ask one question; did they arrive in Halifax in ballast for loading?—A. The boats?

Q. Yes, when the goods would be arranged on board? We are told the boats would be loaded at Halifax for St. Pierre, and turned around at St. Pierre with their cargoes and came to Halifax. Did they go to Rum Row before they came to Halifax, before or after?—A. Sometimes before and sometimes after.

Q. When they went before they would ship in ballast to Halifax?—A. Yes.

By Mr. Dillon, K.C.:

Q. Do you really understand what Mr. Calder means when he says "in ballast"?

By Mr. Calder, K.C.:

Q. Empty of liquor, that is what we both understand?—A. That is what I understand it to be.

Q. When the ship would arrive at Halifax in ballast, did you produce any proof to the Customs authorities as to the disposal of the cargo?—A. We produced our last clearance.

Q. Which was from?—A. Halifax.

Q. You said, sometimes they come to Halifax before discharging the cargo and sometimes after. I am simply asking you when you left St. Pierre and went to Rum Row, did you go to Halifax in ballast, and under these circumstances did you produce anything to the Customs authorities to establish the disposal of the cargo at any point, except the mentioned point?—A. Proof of that would be in the production of the landing certificate from St. Pierre-Miquelon.

Q. That would be in cases where the ship had gone to St. Pierre and turned around without being unloaded or lightered into ships?—A. On each trip they were either lightered or part unloaded.

Q. I understand you to say that invariably one or two things was done with the cargo cleared from Halifax to St. Pierre, Miquelon; either it was put ashore or lightered into boats, and in either case the French Customs authorities had supervision. We know that it goes to St. Pierre, Miquelon, and thence to Halifax or to Rum Row, and the cargo which is neither landed nor lightered, would put out again from St. Pierre, Miquelon?—A. The authorities at St. Pierre, Miquelon were very strict as regards getting their money.

Q. They were very strict in collecting the money?—A. Yes, they would open the hatches and would be able to tell, approximately, what you had on board.

By Hon. Mr. Stevens:

Q. They got their money after opening the hatches and estimating what was in the hold, and if they got their money they issued a landing certificate?—A. Yes.

Hon. Mr. STEVENS: I think, Mr. Calder, we might get into the record, while this witness is here, some of the regulations.

Mr. CALDER, K.C.: I am afraid my knowledge in connection with that is blank. Will you question the witness regarding the regulations?

By Hon. Mr. Stevens:

Q. Are you acquainted with the regulations, Mr. Stewart?—A. Not quite, sir.

Q. Let me put the question in a little different way. Take these cargoes from Halifax, under authority of the Inspector and which were entered to St. Pierre, Miquelon?—A. Yes.

Q. When you get there you go through a procedure you have just described and which we will not go over again?—A. Yes.

Q. Now, you knew of the existence of regulations as to the procedure to be followed, and knowing that did you make out export entries?—A. No, sir, I did not make them out; they came with the railway bills.

Q. You would be handed export entries?—A. It would be handed to me by the railway authorities with the bills-of-lading.

Q. I have before me Customs serial or circular numbered 327C, General Warehousing Regulations, and I find it appears dated April 15, 1924. That is for the purpose of identification. The folowing is over the signature of Mr. Farrow:

> "The following regulations have been approved by Order in Council of 9th January, 1889, 23rd January, 1895, and 24th December, 1921."

I read that, Mr. Chairman, to identify the item.

Then in section 12 of these regulations I read the following:

> "Goods subject to duties of Excise shall only be exported in bond from a port where there is an officer of Customs and only to British or foreign ports of entry where there are collectors or other officers of the Government having similar functions and when ex-warehoused for exportation may be of such quantity as the exporter or manufacturer may require within the discretion of the collector, but nothing else than the contents of one whole package."

Section 16 reads:

> "Export bonds shall be conditioned for the due delivery of the goods bonded at the place designated in the entry within a specified time, which

time, in any case, shall not exceeed the time usually necessary for the purposes of the voyage."

I call your attention to this:

"When export bonds shall be conditioned for due delivery."

Now, then, you did not actually deliver the goods at St. Pierre, Miquelon?—A. I delivered goods, as I told you before—

Mr. DONAGHY: This is all a matter of argument.

Hon. Mr. STEVENS: I am going to read another clause:

"In all other cases bonds shall not be cancelled. Unless within the period named in the said bond there be produced to the proper collector or officer of Customs and Excise the duly authenticated certificate of some principal officer of Customs at the place where the goods were exported, stating the goods were actually landed and left at same place, naming it, out of Canada, as provided for in the said bond."

It reads on further:

"Within the period of three months from the date of exportation of the goods evidence satisfactory to the Commissioner of Customs and Excise shall be furnished to him that the goods so exported shall not have been relanded in Canada now or being relanded in Canada that the proper entry has been made by the Customs and the proper duties paid thereon."

By Hon. Mr. Stevens:

Q. The point I am getting at is this; when you went to St. Pierre, Miquelon, you did not land any goods there? As a matter of fact, you did not land and leave the goods?—A. We landed there and fulfilled the requirements of the French authorities.

Mr. FURLONG: May I say the question of interpreting the word "left," or any other word in the Act is a question of law and this witness cannot speak as to that.

By Hon. Mr. Stevens:

Q. I am just questioning him. And you will find on page 6, regulation 28:

"Removal bonds can only be cancelled upon receipt of the removal entry bearing certificate of the collector of the port to which the goods were consigned, that they have been received and re-warehoused."

That is so much for that regulation.

I have another regulation, dated July 26th, 1922, No. 23, over the signature of Mr. Farrow. I am not going to read all of it, I will just read section 3:

"3. .....showing that the goods named in the said bond were actually landed and left at some place (naming it) out of Canada, as provided for in the said bond."

I have the Export Entry, and find these words:

"I..... (owner, shipper, or consignor) hereby certify that the above is a full and true statement of the kinds, quantities, values and destination of all the articles delivered by me for exportation as foresaid."

That is signed by the person exporting.

On the reverse side of the Export Entry, also over the signature of Mr. Farrow, paragraph 7 reads as follows:

"7. The country of Ultimate Destination to which the goods are destined for a market is to be stated in the Export Entry as the country to which exported, ..."

Now, Mr. Stewart, in these cases that you handled from Halifax, the point or country was not a country, in some cases; the point of destination was St. Pierre Miquelon?—A. That was the original port of call.

Q. Follow me. I say that these are the Custom regulations, over Mr. Farrow's signature, clause No. 7, on the reverse side of the Export Entry, which states: "The country of Ultimate Destination" (in italics), indicating those two words are important. When they make this declaration as to the ultimate destination, the goods being destined to St. Pierre Miquelon, they mean that is the ultimate point of destination. Now, I ask you, in these instances where you have taken liquor from Halifax to St. Pierre Miquelon, then back to Halifax, and to "Rum Row", or to "Rum Row" and then to Halifax; the point of ultimate destination was not St. Pierre Miquelon?—A. Not the way you put it.

Mr. FURLONG: That is a question of law.

Hon. Mr. STEVENS: No, that is not a question of law; it is a question of fact.

Mr. FURLONG: These goods are sold by the Dominion Distillers to the St. George Importing & Exporting Company, St. Pierre Miquelon. Now, as far as the Dominion Distillers is concerned, the ultimate destination is St. Pierre Miquelon. Then there is a resale which takes place by the St. George Importing & Exporting Company after that. That has not got anything to do with the sale by the Dominion Distillers.

Mr. CALDER, K.C.: These are all the same people.

Hon. Mr. STEVENS: They are the same people, the same group of companies.

Mr. FURLONG: Mr. Calder knows, as a question of law, the same people can be members of different companies.

Mr. CALDER, K.C.: I understand, according to law, people are not allowed to use masks; as these people did.

The CHAIRMAN: That is a question for deliberation later on, after seeing the exhibits and the evidence. Sometimes people avoid the law in very clever ways.

Mr. DOUCET: For the purpose of avoiding the Customs, we now know how it is being done.

Mr. DONAGHY: The witness says that the men went there, looked in the hatch, and went away.

The CHAIRMAN: The regulations which have been filed, must be left to the appreciation of the Committee.

Mr. DONAGHY: I think we have the facts very plainly.

Hon. Mr. STEVENS: There is just one other point, with regard to the bond itself. These documents are vital to the whole transaction, Mr. Chairman. On the bond No. D-57, the following appears. I will not read all of it:

> "Now, the condition of the above written obligation is such that if the said Goods and every part thereof, shall be duly shipped and shall be exported and entered for the consumption or for Warehouse at—"

I ask you, Mr. Chairman, to note this.

The CHAIRMAN: I know that is the entry for consumption or for warehouse.

Hon. Mr. STEVENS: "at (blank)".

St. Pierre Miquelon in this case.

> " aforesaid, and if proof of such exportation and entry shall, in accordance with the requirements of the Warehousing Regulations in that behalf, be adduced within (blank) days hereof, to the satisfaction of the said Collector of Customs and Excise for the Port of (blank) or if the above (blank) bounden (blank) shall account for the said goods to the satisfaction of the said Collector of Customs and Excise for the said Port of (blank) then this obligation to be void, otherwise to be and remain in full force and virtue."

I wish to file that as exhibit No. 200.

By Hon. Mr. Stevens:

Q. I want to ask you, Mr. Stewart, in the face of these extracts which I have read, and filed as exhibit No. 200, can you say that you have conscientiously observed these regulations?—A. I have observed the regulations as far as I have understood them.

Q. Who advised you as to the regulations?—A. I have been advised by Mr. Chartier, in St. Pierre Miquelon. I was in the employ of the St. George Importing & Exporting Company at St. Pierre Miquelon. My duty was to receive all shipments coming to the port of exit, mostly Halifax, and have same loaded upon the boat; the boat was to be brought to St. Pierre Miquelon, not having the hatches disturbed; and to deliver the papers to the Canadian Customs, with manifests and papers covering the goods from Walkerville or Montreal; and deliver those to the French authorities. I was then ordered to proceed and dispose of the goods. The papers are all placed in a sealed envelope. After I clear the waters, I call at Halifax on the return voyage, for the purpose of coaling the boat, or getting supplies. The boat is only a small one and can not carry sufficient coal and supplies to last for a month on the first trip up. And the boat not being in the very best of condition, there are always minor repairs to be made.

I would like to say to the Committee that since I have been employed by the St. George Importing & Exporting Company, not one case of any goods handled under my jurisdiction has ever landed at any port in Canada.

By Mr. Donaghy:

Q. This bond, in these regulations, provides that you are to procure and return to the Canadian Customs a certificate from the various port officials? —A. Yes sir.

Q. That the goods are landed there?—A. Yes sir.

Q. Did you procure, from such various port officials, say at St. Pierre Miquelon, such a certificate and return it to the Canadian Customs Department, regarding the landing of these goods?—A. We had to, in order to be allowed to enter and remain in the harbour.

Q. As far as the Canadian Customs officials are concerned, what documents appeared to be required?—A. We complied with their regulations, as far as I know. On entering Halifax with a cargo of liquor, or with any cargo, we were compelled to take a pilot on board so many miles out of the harbour, and the pilot, on entering the harbour, would signal the Customs boat, which would come alongside. Not one moment after we had entered the Halifax harbour was the boat without having a Customs officer on board, and he remained on board until we cleared the harbour. They had possession of the hatches, which were locked by steel doors, to which the Customs officers had the keys. No one could get any liquor.

Q. Would the French Government give a clearance for the open sea to any port named?—A. They would give a clearance for the high seas, to Halifax, for supplies.

Q. You were complying with the French law?—A. Yes, we complied with the French law. That clearance allowed us to go to Halifax, proceed to sea, and come back to Halifax.

Q. The Canadian Customs had to rely upon the truth of the document signed by the French Government officials at St. Pierre Miquelon?—A. Yes sir.

Q. Was it known at St. Pierre Miquelon when a boat was leaving Halifax? —A. In some way, they were aware, the Canadian Customs, that the boat was leaving St. Pierre for Halifax; one way or the other. News travels very quickly in that part of the country.

By Mr. Calder, K.C.:

Q. You stated in answer to a question put by Mr. Donaghy that the Customs had to rely upon the truthfulness of the French officials as to the landing of the cargo?—A. Yes.

Q. Had they also to depend on your truthfulness with regard to certain recited facts, in accordance with the regulations?—A. They had to rely on me, certainly.

Q. So when the regulations state that the goods had to be landed and left and warehoused— —A. Or warehoused.

Q. Left or warehoused; you produced a certificate which set forth that it had been so treated; when, as a matter of fact, all the official had done was to lift up the hatch and look into the hatch; then gave you a clearance; and you considered you had complied with the Customs regulations as to truthfulness as to the landing?—A. I did, in this way—

The CHAIRMAN: These are not facts.

Mr. CALDER, K.C.: I am eager to be corrected; I am taking cases which the witness spoke of; the witness stated that upon certain occasions, instead of landing or lightering the goods, the French Customs official, interested only in the revenue, lifted the hatch and looked in at the liquor; estimating it, and then giving a landing certificate. That landing certificate should have recited and did recite, that the cargo was landed. Now, my point is that the Government of Canada did not depend only on the truthfulness of the French officials, but depended mostly upon the truthfulness of the man who handed in the certificate.

Hon. Mr. STEVENS: And who gave the bond.

Mr. CALDER, K.C.: Yes, and who gave the bond.

Mr. DILLON: In so far as the basis of the argument of the Hon. Mr. Stevens, and the reading of the regulations, that is quite beside the point; because it is self evident that the regulations about the requirement of warehousing of merchandise applied to the shipment to a Canadian port.

Hon. Mr. STEVENS: No.

Mr. DILLON: It mentions the ports; the foreign country; because the only interest Canada could have in seeing they were warehoused would be that the merchandise would come under the control of their own officer, who would see that the amounts were paid; and no regulations broken; but they arrived in a foreign country. It is claimed that the regulations of Canada could have no force or effect after the goods arrived in a foreign country. And what constituted a landing certificate in a foreign country, must be governed by the law of the foreign country, and not the Customs regulations of Canada, which only provide, and could only provide, to the warehousing of goods in a Canadian port; seeing that the goods came out of the warehouse, after entering a Canadian port.

Hon. Mr. STEVENS: This all has to do with the regulations.

Mr. DILLON: They are highly technical.

Mr. CALDER, K.C.: There is nothing technical about it.

Mr. DILLON: The question was long, and hard to follow.

Mr. CALDER, K.C.: My question was a short one.

Mr. DILLON: I am referring to the regulations which Mr. Stevens read.

Mr. CALDER, K.C.: The landing certificate contemplates, first, the ultimate point for consumption; or for warehousing; and it has to be landed and left. Now, that is very plain.

Mr. FURLONG: It does not say how long it is to be left.

Mr. DILLON: The Canadian law can not make any such provision.

Mr. CALDER, K.C.: At any rate, it has to be landed, although it does not say how long.

Hon. Mr. STEVENS: "Showing that the goods named in the said bond were actually landed and left at some place, naming it, out of Canada, as provided for in the said bond." Now we will look at the bond. The bond itself, after the usual recitals, reads that in making a claim for the return of double duty, the following declaration is to be made:

> "Now the condition of the above written obligation is such that if the said goods and every part thereof, shall be duly shipped, and shall be exported and entered for consumption or for Warehouse at St. Pierre Miquelon, aforesaid, and if proof of such exportation and entry shall, in accordance with the requirements of the Warehousing Regulations in that behalf"

which I have just read.

> "be adduced within (blank) days from the date hereof, to the satisfaction of the said Collector of Customs and Excise for the port of (blank) shall account for the said goods to the satisfaction of the said Collector of Customs and Excise for the said port of (blank) then this obligation to be void, otherwise to be and remain in full force and virtue."

Surely, Mr. Dillon, you do not mean to say that is not plain language.

Mr. DILLON: I say it was constructively landed, according to this, in St. Pierre Miquelon.

Mr. CALDER, K.C.: It says "actually landed." That is different from constructively landed.

The CHAIRMAN: I think the whole thing is, as the regulations stand now, that you obtain a certificate of landing which is accepted by the Department of Customs. That is a recognition for the future. You had it, anyhow.

Mr. CALDER, K.C.: It is more grievous than that. It may be a good case for the recovery of the double duty.

Hon. Mr. STEVENS: Let me read from the Act which really warrants the regulations; section 102, with the caption, "Upon what evidence obligation cancelled." I do not want to read the whole clause, which is long;

> "showing that the goods named in the said entry were actually landed and left at some place (in this case St Pierre Miquelon) naming it, out of Canada, as provided for in the said entry,"

That is the Act. It is not in language we can construe as we like; it is construed for us.

Under section 101, the caption is, " Obligations incurred by entry for export."

" such proof or certificate that such goods have been exported, landed or delivered, or otherwise lawfully disposed of, as the case may be, shall be required by any regulation of the Governor in Council—"

Regulations which I have already read.

Mr. DONAGHY: We have the facts.

Mr. DILLON: The goods certainly were delivered and inspected.

Mr. DONAGHY: We have the facts and are not a Court of Appeal to decide a question of law. If this question comes before a court, as suggested by Mr. Calder, it will be the duty of the judge to decide what is the law. We had better deal with the facts.

Hon. Mr. STEVENS: I do not wish to be prevented from establishing some facts.

Mr. DONAGHY: It is a legal argument.

Hon. Mr. STEVENS: I am not concerned in the legal argument, not a particle.

Mr. DOUCET: Use a little common sense.

The CHAIRMAN: The regulations of the Customs Department are there, and when we appreciate them as a whole, we will come to a conclusion as best we can.

Mr. DONAGHY: The main thing is to get out the facts.

J. E. LALLY called and sworn.

By Mr. Calder, K.C.:

Q. You are Customs and Excise Officer?—A. Yes sir.

Q. Are you specially charged with the bond at the Dominion Distillery Products Company Limited?—A. Yes sir.

Q. How long have you been there?—A. Well, I booked in there permanently on the 11th of December, 1923, if I remember rightly. I was there a few days before that. I could not verify the dates until I look.

Q. Have you been there continuously since?—A. Yes.

Q. Have you ever been relieved by anybody?—A. No. I think probably the man who was there stayed there a few days.

Q. Is there a day and a night man, or just a day man?—A. Just a day man.

Q. That day man is yourself?—A. Yes sir.

Q. You keep the excise books?—A. Yes sir.

Q. And you made out the excise permits?—A. Yes sir.

Q. Covering all shipments?—A. Yes sir.

Q. Including shipments to Scherer?—A. Yes sir.

Q. And shipments of denatured alcohol?—A. No permits for denatured alcohol.

Q. Was the alcohol denatured in bond, or out of bond?—A. Always in bond; always under supervision.

Q. It was denatured in bond?—A. Yes, in bond.

Q. It was not done when the denaturants were put in?—A. Yes sir.

Q. For leaving the bond, there had to be a permit?—A. No.

Mr. FURLONG: The Act says, manufactured free of excise duty by denaturing.

Mr. CALDER, K.C.: There is no doubt about that; but once it is manufactured, to be taken out, there had to be a record of its going out.

Mr. FURLONG: Once it is denatured, it is automatically free of duty.

Mr. CALDER, K.C.: It may be; but this was in bond, and there are many cases, and in order to take it out of bond there should be a permit.

Mr. FURLONG: The Customs officer sees that it gets out.

By Mr. Calder, K.C.:

Q. What was the procedure in connection with denatured alcohol? Did you personally see the denaturants were put in?—A. Yes sir.

Q. In every case?—A. In every case.

Q. And you took samples afterwards?—A. I took samples afterwards.

Q. The putting in of the denaturants was done inside the bond?—A. Not necessarily.

Q. Well then, the alcohol got out of bond to be denatured?—A. In common practice, it would have to. I am speaking of the practice of all distilleries.

Q. I should say, from the point of view of the interest of the Canadian Customs and Excise Department, the rule that the denaturants will be put in while it is in bond, and it is to be taken out afterwards, would be safer than to take it out and then have it denatured?—A. You have to take it out of the vessels or packages to denature it.

Q. Well, could not that be done in bond?—A. If the vessels are in that particular bond.

Q. You could bring in empty vessels to the bond, put in the denaturants, and pour in the alcohol; what objection is there to that?—A. Not necessarily.

Q. "Not necessarily" is a very easy answer. Tell us what was done.—A. I will tell you what is done.

Q. Tell us what was done, not in a general way; what was done in the Dominion Distillery Products Limited under your supervision?—A. It was taken out of bond to a tank outside.

Q. When it was taken out, what record was made, and what permits were issued?—A. There is no permission given in a distillery to denature alcohol; it is a matter of applying to the officer of the port; that is under the supervision of the officer.

Q. I do not understand; you will have to explain it.

Mr. DONAGHY: This can all be checked up by the balance on hand, which must tally.

Mr. CALDER, K.C.: Yes. I am curious to know where the denaturing process was carried out.

By Mr. Calder, K.C.:

Q. We will follow, if you like, the barge Tremblay liquor; that went into bond, didn't it?—A. Yes sir.

Q. Then, either part or the whole of it was denatured?—A. Yes.

Q. Was it denatured outside or inside of the bond?—A. In this case, just outside the bond.

Q. Now, in order to release the alcohol which, at that time, was not denatured, from the bond, what procedure would be followed?—A. Once we knew the quantity, we would take what formula we were working on, we will say 2½%, of what we call diethylphthalate and mix it in a drum.

By Mr. Donaghy:

Q. Was that drum outside the bond?—A. It was put in tanks, under the supervision of the officer.

Q. Just outside the door of the bond?—A. Yes, just outside the door of the bond.

Q. Why did not they mix it in the bond; was there no room?—A. No.

Q. So it was taken out and mixed in a tank outside the door of the bond? —A. Yes.

By Mr. Calder, K.C.:

Q. How was it put up?—A. It was put up in ten gallon packages. I may say we placed Brucine sulphate in as well.

Q. Do you know of any regulation whereby alcohol denatured with diethylphthalate and Brucine sulphate, is not admissible in the United States? —A. I do not, sir.

Q. Do you know of any such communication from the Department, relating to the diffusion of it?—A. I do not know the first thing about that, sir.

Q. Did you take samples from the tank, or from the packages?—A. From the tanks.

Q. One sample?—A. Usually two samples, in case one would get broken; sometimes I contented myself with one.

Q. What I mean is, you took the sample out of the tank?—A. Oh, yes.

Q. What proportion of the premises of the Dominion Distillery products is bond?—A. Of course, the whole premises is bonded. Every distillery is, with their license.

Q. There is a bond for the whole premises?—A. Oh yes.

Q. How is the bond fastened?—A. With government locks.

Q. Of which you only have the key?—A. Yes.

Q. Who has a duplicate key?—A. Nobody, sir, unless another officer is there.

Q. Now, have you the records of the movement of the barge Tremblay alcohol?—A. Yes.

Q. Have you them now?—A. Well, I have the records of the barge Tremblay coming in here.

Q. I mean the movement of the barge Tremblay alcohol; not of the barge itself?—A. Well, I would not be expected to have that.

By Mr. Donaghy:

Q. Have you the record of it coming into the distillery bonds?—A. Yes.

By Mr. Calder, K.C.:

Q. And going out?—A. Yes.

Q. Where are these records, have you got them here?—A. I do not know that I have.

By Hon. Mr. Stevens:

Q. Would you mind describing, in a precise way, the bond that was under your control and the manner in which you kept the lock on. I don't know anything about it.—A. The first bond in which it went was the bond we call the brick bond. It is not designated in the company records as that.

Q. Is there any number on it?—A. No.

Q. Supposing I were to go down, would I know from the records where the bond is?—A. By the plan.

Q. Is there only one bonded warehouse in the plant?—A. There are several plants. There is the main bond and the mixing room and distillery, and so on.

Q. Tell me, where did the barge Tremblay alcohol go to when it went to the Dominion Distilleries?—A. It went upstairs to the bond on the second floor.

Q. Is that the only bond up there that was used?—A. Yes.

Q. You are the only one that had a key, so far as you know?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. Will you produce the book or books, which show the records of the barge Tremblay, and the bond, and have you also records showing that the bond covered a shipment of denatured alcohol?—A. I do not remember. I did not bring the book in which I kept a record of the actual weight of the Tremblay alcohol in the plant, but I believe there is a record of it.

Q. Have you the bond that covered the shipment of denatured alcohol from the barge Tremblay?—A. Yes.

By Hon. Mr. Stevens:

Q. These are all numbered, are they not, Mr. Lally?—A. No.

Q. Each release is numbered, is it not?

Hon. Mr. STEVENS: I am asking Mr. Lally if each release is not numbered; if there is not an entry name and a number given when you release from bond a certain quantity of this alcohol.

The WITNESS: That is handled in a practical way, Mr. Stevens. It is the practice at plants to pass an entry each month for the amount of denatured alcohol for the month. There is nothing in the regulations so far as I know, stating you shall pass an entry for each one. It is really a matter of convenience for the distillery and, I presume, the officer to bulk it all on the 30th or 31st of each month. That has been the practice in most distilleries that I know of.

By Mr. Calder, K.C.:

Q. There is an account for each individual shipment?—A. Yes.

Q. And the bond has a number?—A. It has not in this case.

Q. Is it generally numbered?—A. Well, the only way that I can answer that question is to read my instructions.

Q. I would sooner have your practice; we can come to the instructions later. I am asking you whether individual bonds for the re-shipment of denatured alcohol imported from the barge Tremblay alcohol are numbered? I am asking you whether it is the practice in the particular bond to number the export bond?—A. General shipments, yes.

Q. I am more concerned in the case of the barge Tremblay shipment?—A. There is no exception made particularly in the barge Tremblay numbers.

The CHAIRMAN: I think there is a misunderstanding.

Mr. CALDER, K.C.: If there is, I do not think it is on my part. We will have to traverse the ground again.

By Mr. Calder, K.C.:

Q. You understood I was talking about bonds?—A. Yes.

Q. Under which the denatured alcohol was shipped?—A. Yes.

Q. These were export bonds, were they not?—A. Yes.

Q. There is no mistake about that?—A. No.

Q. Were these individual bonds numbered?—A. No.

Q. They were not?—A. No.

Q. He says there was one export entry passed for the month.—A. No, excuse me.

Q. Then, these bonds were not numbered?—A. No more than the dates.

Q. I understood you to say that general bonds for shipments were numbered?—A. Well, we have nothing to do with the number, really.

Q. I am not asking you that; I am asking whether or not they were numbered?—A. They were not.

Q. No bonds were numbered?—A. No bonds were numbered.
Q. No bonds for export shipments received any serial number?—A. No.

By Hon. Mr. Stevens:

Q. Mr. Lally, in fairness to you, I do not think you understand the question. When you export from the Dominion Distilleries a quantity of denatured alcohol there is a separate entry made and a number given, is there not?—A. Yes.
Q. That is right?—A. Yes.
Q. When a consignment went into bond in the Dominion Distillery it lost its identity, all being mixed with that already in bond?—A. Yes.
Q. Therefore, the barge "Tremblay" alcohol, 16,000 gallons, when it was taken out of bond had lost its identity?—A. Yes.
Q. And it was part of 782,000 gallons?—A. Whatever there were.
Q. That is correct?—A. Yes.
Q. What Mr. Calder, I think, was asking is this, when you take a quantity of alcohol out of bond for denaturing purposes, is that particular quantity of alcohol given a number?—A. It is numbered. It has a certain bond number as charged in the records; that is a certain bond number.
Q. Have you a record of these?—A. Yes.

By Mr. Calder, K.C.:

Q. That is the point. I understood him to say these were not numbered, although the general practice was to number them.
Mr. DILLON, K.C.: The confusion occurred because Mr. Stevens called it "release", and you referred to them as bonds.

By Mr. Donaghy:

Q. Show us these records and we will see if they are numbered.

By Mr. Calder, K.C.:

Q. Were they numbered, Mr. Lally?—A. The bond is not numbered; but the bond in which it is warehoused in the distillery is numbered.

By Mr. Donaghy:

Q. The shipment has no number?—A. No, I stated that in the first place.

By the Chairman:

Q. It is clear from the bond?—A. Yes.

By Mr. Calder, K.C.:

Q. Do these bonds, that you have here, refer only to the shipment of denatured alcohol?—A. That is all, sir.
Q. That is a complete record of shipments of denatured alcohol from the Dominion Distilleries?—A. Yes.
Q. Will you produce that?

Hon. Mr. STEVENS: I think you had better put that in as an exhibit in the meantime.

Mr. CALDER, K.C.: Produce it as Exhibit 201.

By Mr. Furlong:

Q. Mr. Lally, who supervises the denaturing of the alcohol?—A. I do.
Q. Anybody else?—A. Yes.
Q. Who?—A. An officer detailed from another plant.
Q. In other words, you do not rely wholly on yourself, but call in another Customs officer?—A. Yes.

Q. You do not release from bond except under the supervision of the Government until it is denatured?—A. No.

By Hon. Mr. Stevens:

Q. Following that question, you take a sample of each denatured process? —A. Yes.

Q. Which you send to Ottawa?—A. Yes, sir.

Q. Which goes to the Chief Analyst?—A. Yes.

Q. When was this denaturing commenced in the Dominion Distilleries?— A. Roughly, I should judge, I am speaking from memory at the present time, around about the 24th or 25th November.

Q. Last?—A. Yes.

Q. That is when they commenced?—A. Yes.

Q. In connection with export entries numbered 2841, 2895 and 2927 from the Dominion Distillery Products Company, Montreal, you supervised the denaturing of that, did you not?—A. Yes.

Q. Was there any officer with you when you supervised that?—A. Yes.

Q. What is his name?—A. Mr. Murray.

Q. Where is he located?—A. He is located in Montreal.

Q. Where?—A. Imperial Tobacco Company.

Q. Is that where it has been all along?—A. Yes, sir.

Q. Is he versed in the chemical process of denaturing alcohol?—A. He should be, as much, or more, as any officer.

Q. How did it come, in the case to which I have referred, there was put in diethylphthalates only to the extent of 1.22 per cent, instead of 2½ per cent? —A. Well, I put in the full volume, but improper stirring, and perhaps mixing —I had better say, it turned out to be lack of testing by weight instead of by volume, which would account for it.

Q. You are not asserting that the difference between 1.22 and 2½ per cent is accounted for by taking it by weight instead of volume?—A. I am not asserting anything. I gave an answer to that in the letter.

Q. You did, a moment ago. That would not account for, would it?—A. I don't know.

Q. In any case, there was a mistake made, a lesser quantity was put in than should have been?—A. No, there was not.

Q. The test at Ottawa showed that, did it not?—A. Yes.

Q. Specially denatured alcohol is distinguished from denatured alcohol, is it not?—A. Quite so.

Q. In the ordinary sense, specially denatured alcohol, so designated, is a more dangerous alcohol to have loose among the public than denatured alcohol; that is correct, is it not?—A. Well, it would appear to be.

Q. There are greater restrictions placed upon the distribution of specially denatured alcohol, than there is on the ordinary industrial denatured alcohol? —A. Yes, sir.

Q. For instance, section 371 of the Excise Act, the clause dealing with specially denatured alcohol, states that no alcohol shall be manufactured or sold for beverage purposes. That is, specially denatured alcohol can not be used for beverage purposes without the same objectionable taste that accompanies ordinary denatured alcohol; that is correct, is it not?—A. I will answer that in this way, Mr. Stevens; I have a small still which I use for making tests myself.

Q. Based on your general konwledge, as one who has been in the business —and I respect your opinion—is it your opinion that specially denatured alcohol —or may I put it in a different way; alcohol denatured, as specially denatured alcohol, could easily be re-distilled and the denaturants, diethylphthalates and Brucine sulphate, taken out?—A. I would not say easily distilled.

Q. Well, it could be re-distilled?—A. A certain portion, I think.

Q. With regularly denatured alcohol it would not be possible to do that, would it?—A. I would not say possible; that is going a long way.

Q. There would be great difficulty in doing it?—A. It would be more difficult, yes.

Q. I merely want to establish the difference between the two. Specially denatured alcohol is a more dangerous commodity to have loose among the public than denatured alcohol; that is correct, is it not?—A. I would say so.

By the Chairman:

Q. Do you know of this process personally?—A. I do not know it personally; owing to the answer I gave.

Hon. Mr. STEVENS: I wish you would let me finish with my examination, without breaking in.

The CHAIRMAN: There were other proceedings required.

Hon. Mr. STEVENS: We will find out definitely before we get through. I think I ought to have the right to proceed with my examination, without being interrupted.

By Hon. Mr. Stevens:

Q. Mr. Lally, are you acquainted with circular 161-C?—A. Yes, sir.

Q. That deals with specially denatured alcohol?—A. Yes, sir.

Q. Specially denatured alcohol is usually used for rubbing purposes?—A. Yes, sir.

Q. In that regulation, is says:

> "Rubbing Alcohol Compound, in bottles containing not more than sixteen ounces each."

That regulation is not followed in the case of the Dominion Distilleries; is that correct?—A. In the case of any distillery, it is not followed.

Q. You were not at the other distilleries?—A. It was not followed.

Q. Who instructed you to disregard this regulation?—A. Nobody.

Q. Are you governed by this regulation?—A. Yes, sir.

Q. Why did not you see it was done in this case?—A. For the simple reason that does not apply to distilleries; that applies to wholesale druggists, as I understand it, sir.

Q. You do?—A. Yes, sir.

Q. This is regulation No. 161-C, supplement "D," and clause 1 reads as follows:

> "(1) The sale of "Rubbing Alcohol Compound by persons or firms holding permits is in future to be confined exclusively to,—
>
> (*a*) Wholesale druggists recognized as such by the Pharmaceutical Associations of the respective provinces;
>
> (*b*) Retail druggists licensed to carry on business as such under the Statutes of the respective provinces;
>
> (*c*) Bona fide hospitals;
>
> (*d*) Bona fide practicing physicians;
>
> (*e*) Benevolent and religious public institutions caring for the infirm and sick."

A. Yes, sir.

Q. You are acquainted with that?—A. Yes, sir.

Q. That regulation restricts the sale and use of this specially denatured alcohol except for medicinal purposes?—A. Correct.

Q. The alcohol released from the Dominion Distilleries—by the way, how much was released from the Dominion Distilleries from November 25th to the middle of January?—A. I should say approximately fifty thousand standard gallons. The records are there.

Q. About eighty thousand proof gallons?—A. Whatever the records show.

Q. That would be about right?—A. Approximately.

Q. That was shipped out by carload lots, was it not?—A. Yes.

Q. That amount of rubbing alcohol would go a long way, for rubbing alcohol purposes, would it not?—A. Well, if I may be pardoned for saying so, there seems to be,—

Q. Quite a demand for it?—A. Quite a demand for it.

Q. There are a lot of old and infirm people demanding it?—A. Some like champagne baths, and some rubbing alcohol. It is a matter of taste.

Q. Are you acquainted with the conditions upon which the barge "Tremblay" alcohol was permitted to be denatured?—A. I think there is a letter on file covering that.

Q. Yes, there is. I asked you whether you were supplied with instructions covering the conditions under which this alcohol was sold to the Dominion Distillers?—A. Yes, sir.

Q. And placed in your charge?—A. Yes.

Q. Will you identify this letter, and the conditions set forth in it, as the conditions which were outlined to you?—A. Yes, I got a copy of that.

Hon. Mr. STEVENS: Mr. Calder, will you read that into the record, the conditions in that letter.

The CHAIRMAN: Read the whole letter.

By Hon. Mr. Stevens:

Q. The letter which you have just identified contains the conditions which were passed on to you?—A. Yes, but there is a previous letter to that on my file.

Hon. Mr. STEVENS: Mr. Calder, if you will just read the conditions.

The CHAIRMAN: I want the previous letter.

Mr. CALDER, K.C.: The letter is as follows:—

"OTTAWA, February 4, 1926.

File 118280,
Collector of Customs-Excise,
Montreal, P.Q.

SIR,—With further reference to the communication being forwarded to your address, under separate cover to-day, in connection with the specially denatured alcohol, Grade No. 1-F, entered for exportation by the Dominion Distilleries Products Company, Limited, I have to state that it would appear to the Department, from the nature of the entries referred to, that the denatured alcohol is not being exported in accordance with the instructions given to Mr. Henry McLaughlin by long distance phone, on or about the middle of December last.

[Mr. J. E. Lally.]

It was explained to Mr. McLaughlin that:

(1) The alcohol seized from the barge Tremblay had been sold, and was to be delivered to the Dominion Distilleries Products, Limited, at a price of 36 cents per proof gallon.

(2) That an officer was to be assigned by him to accompany each load during transfer from the Customs examining warehouse to the distillery.

[Mr. J. E. Lally.]

(3) That upon receipt at the distillery, it was to be weighed and tested by two officers.

(4) That such alcohol was not to be used for any purpose whatever, except for the manufacture of specially denatured alcohol, Grade No. 1-F, in accordance with departmental specifications, and under the supervision of two officers.

(5) That the specially denatured alcohol as produced was not to be disposed for except for exportation within Canada, by removal in bond and that a separate export bond for $5,000 was to be given by the distillers in connection with each export entry.

(6) As this was an Excise transaction, the matter had to be dealt with as provided by the Excise warehousing regulations, Circular 327/C, page 3. As the alcohol was denatured, however, Mr. McLaughlin was informed that the export bond might be cancelled upon the production of the certificate of the entry at the port of exit, to the effect that the goods had been cleared for export from this port.

It would appear, however, from export entries B/13, Nos. 7625, 7750 and 7891, referred to in Officer Lally's letter, that the denatured alcohol was not entered for warehouse and ex-warehouse for exportation with the filing of a bond as above defined, and as required by the provisions of the circular quoted, and if such be the case, I have to request that in respect of any further shipments, the provisions of the Excise regulations are to be observed. A report indicating the procedure hereto followed is desired.

I remain, sir,

Your obedient servant,

Assistant Deputy Minister.

G.W.T.-F."

By Hon. Mr. Stevens:

Q. Now, Mr. Lally, I notice in these five or six conditions, there is one condition that there shall be two officers—which you have already confirmed?—A. Yes.

Q. Were you the officer there at the time?—A. Yes, sir.

Q. And your hours were what?—A. From eight to five.

Q. I understand, sir, it does not require that there shall be a second officer there, only for the process of denaturing.

Q. Let us be clear; the extra officer was only there during the daytime, that portion of the daytime necessary to see as to the process?—A. Yes.

Q. Your hours are from eight to five?—A. Eight to five, five-thirty, or six; there are really no hours in a distillery; it depends on what is going on; do you see what I mean?

Q. Your hours are from eight to five, or five-thirty?—A. Yes.

Q. And then you lock up the bond?—A. Yes, and then I lock up the bond. With regard to a statement I made a moment ago, I would like to have it corrected, in which I said I hoped I was the only one who had these keys. That answer was given without thought. It is an injustice to the distillery. I wish to correct that.

Q. What do you want to say?—A. I want to say that I am the only one who had these keys.

Q. As far as you know?

The CHAIRMAN: That is what I understood you to say.

Hon. Mr. STEVENS: We understood that.

The WITNESS: I do not wish to make a reflection on the plant.

By Mr. Calder, K.C.:

Q. We understand there is one key in the possession of the distillery, and one in your possession. The chief locker has a key?—A. I presume they have duplicate keys down there.

By Hon. Mr. Stevens:

Q. You have a key, and you lock up when you leave at five or five-thirty?—A. Yes, sir.

Q. Is it your custom to be there at night at all?—A. No.

Q. Now, there was a $5,000 bond?—A. Yes.

Q. That $5,000 bond was placed with whom, in connection with the release of denatured alcohol?—A. That was placed with me.

Q. What form did it take?—A. The form of two signatures.

Q. Two signatures of whom?—A. Mr. J. P. Bulger and Mr. G. A. George.

Q. It was not a cash bond?—A. No.

Q. It was not a bond of $5,000, it was a personal undertaking?—A. No, it was A165.

Q. A regular bond?—A. Yes.

Q. They obligated themselves to the extent of $5,000?—A. Two, $5,000, with each shipment.

Q. You are the official who would release the bond?—A. Yes.

Q. Upon what?—A. Upon the production of B-13.

Q. Who would produce that to you?—A. Mr. George produced that.

Q. Which one?—A. Mr. Gregory George.

Q. Who is now in Europe?—A. I believe he is not in Montreal.

Q. I believe so too.

By Mr. Donaghy:

Q. I want you to clear up this matter of the amount of drugs that was in the mixture?—A. 161C?

Q. Yes, you remember the letter Mr. Stevens read to you from the Chief Analyst at Ottawa?—A. Yes, sir.

Q. Saying there was not found to be sufficient drugs in the sample of denatured alcohol to examine?—A. Yes.

Q. What is your explanation?—A. My explanation is that the tank was not properly stirred and that has been proven since.

Q. How do you say that?—A. You have to take time to stir the tank properly. I am speaking practically and not theoretically. You get an improper mixture if the sample is not properly stirred. You will get one sample from one portion of the tank, and another sample from another portion of the tank.

Q. Why do you say it has been proven since the Chief Analyst made a mistake?—A. It has been proved at another distillery.

Q. Where he made a similar mistake?—A. Yes.

By Hon. Mr. Stevens:

Q. You mean the Chief Analyst made a false return?—A. No, sir.

By Mr. Donaghy:

Q. Why do you say that?—A. I am not speaking of the Chief Analyst. I am saying this——

Q. Was the sample you sent the Chief Analyst properly analyzed?—A. I do not know; I would have no way of knowing that.

Q. You are saying that he made an error. You made the statement he made an error and I ask you how you know?—A. The correspondence will show he took it by weight.

Q. That does not account for it.

Mr. FURLONG: What I understand the witness to mean is, that they put in an extract or whatever it is, and the tank must be stirred to make the proper chemical circulation all through. He says the analyst has probably taken a sample from part of the tank that has not circulated.

By Hon. Mr. Stevens:

Q. The sample you sent analyzed at 1.22 instead of 2.50?—A. Yes.

By Mr. Donaghy:

Q. You think the tank was not properly stirred.

The CHAIRMAN: There is a letter of February 3, 1926, stating that the amount of diethylphthlate found present was in excess of the desired percentage and brucine and sulphate were present in each sample.

By Mr. Doucet:

Q. You do not say the Chief Analyst made a mistake?—A. No.

Q. You might have had a wrong sample for a proper mixing?—A. I may have had a sample of a proper mixture, but it was not stirred.

Q. We want to make that clear. You suggested to Mr. Donaghy that it was an actual mistake that the Chief Analyst made?—A. Excuse me, I misunderstood; that is not what I was intending to say. Some two or three years ago in Montreal, we found much the same condition, in the same material and it had been reported as short and it is possible the same explanation was offered for that one as well.

Q. Sometimes you take a sample right away, and it has not been properly stirred, and another day you can take a sample from the same place that is clear?—A. Yes.

By Mr. Doucet:

Q. Your evidence lays the blame on the Chief Analyst?—A. No.

By Mr. Dillon, K.C.:

Q. Mr. Lally, the formula for denaturing was furnished by the Department?—A. Yes.

Witness discharged.

The Committee adjourned till 3.30 p.m.

AFTERNOON SESSION

The Committee resumed at 3.30 p.m., the Chairman Mr. Mercier, presiding.

CHARLES HARWOOD, called and sworn.

Mr. FURLONG: Mr. Chairman, before this witness is questioned, I would like to state that inasmuch as the auditors' report has found that all duty sales tax on the Hiram Walker goods have been paid, I would ask that he be only questioned on other things through which the Government might have been defrauded.

Mr. CALDER, K.C.: I will try to be as relevant as I can.

By Mr. Calder, K.C.:

Q. Were you a shipper at Walker's?—A. One of the shippers.

Q. Will you look at export entry, and invoice and copy of bill of lading which is now shown you and which is Exhibit 191?—A. I will, yes sir.

Q. The exhibit shown you is entry form B-13:

"Dated, Walkerville, place of loading,

Entry and list of articles of domestic production which are not subject to export, customs or excise duties.

Delivered by the St. George Import and Export Company to boat Killarney for export to St. Pierre, Miquelon, direct from a Canadian port, Walkerville, Ontario.

Consignee as below, W. Kemp, St. Pierre, Miquelon.

1,284 packages whiskey, 2,568 gallons, value $333,222.96."

It is signed by blank.

"Residence, Walkerville, Ontario, invoices from Hiram Walker and Sons, dated June 12, 1923, to Messrs. St. George Import Company, St. Pierre, Miquelon.

1,000 cases, 1914 imperial bottles 22 UP, at $24, $24,000.

200 cases 1909 Scotch, bottles 22.8 UP at $26, $5,200.

84 cases 1906 Epicure, bottles 24.3 UP at $32, $2,688, a total of $31,888; 4½ per cent sales tax $1,434.96, a total of $33,322.96.

Via United Steamship Company, Limited.

Terms net cash."

The bill of lading is from

"Walkerville, Ontario, dated June 12, 1923, from Hiram Walker and Sons consigned to William George Limited, St. Pierre, Miquelon, 1,284 cases whiskey valued $58,100.

Collect.

Signed H. R. Storey, agent, and Hiram Walker and Sons, Limited, per C. Harwood."

Q. Was it you who signed the bill of lading?—A. Yes.

Q. It was to go via boat Killarney?—A. Yes.

Q. What is the Killarney?—A. It is a boat.

Q. What kind of a boat?—A. It is a gas boat.

Q. A gasoline boat?—A. Yes.

Q. Plying where, exclusively?—A. I could not tell you.

Q. How long is she?—A. I never saw the boat.

Q. As a matter of fact, she is a river ferry boat?—A. No doubt.

Q. You have no doubt that she cannot go to St. Pierre, Miquelon?—A. I could not say that; I do not know.

Q. Is it not generally recognized she cannot go there?—A. I would not say that; I never saw the boat.

Q. As a matter of fact, don't you know this boat did not go to St. Pierre, Miquelon?—A. I could not say that.

Q. Because you did not actually see it sailing out?—A. I do not know.

Q. You do not know what route it would follow?—A. Absolutely do not.

Q. Can you tell us why a boat, a boat like the Killarney would be sent to St. Pierre, Miquelon, when the Killarney could not possibly go there?—A. I never knew the Killarney could not go there. The order is ship as instructed.

Q. By whom were you instructed?—A. By the original order that came in.

Q. You say you have an order telling you how to ship this?—A. Yes.

Q. Was that a copy, or was that order by letter?—A. It must have been.

Q. Will you produce the letter and attach it to this?—A. I cannot do so; it is on the files of Hiram Walker and Sons.

Q. You send it up from Hiram Walker?—A. I can, if you give me information.

Q. The information is, it is an order numbered 159 and dated June 12, to Messrs. St. George Import Company, the parties sold to.

By Mr. Furlong:

Q. Is that duty paid goods?—A. Absolutely.

Mr. FURLONG: I might mention, Mr. Calder, that is duty paid and sales tax paid.

Mr. CALDER, K.C.: That is not the only thing we are inquiring into. We are inquiring into all the orders concerning liquor shipped and landing certificates and so on, as to how they were got.

Mr. FURLONG: Suppose that went into the Detroit river, and was taken out by George Limited, and from there it was diverted to the United States, what damage would there be to the Dominion Government?

Mr. CALDER, K.C.: That will be for the Committee to decide. I would suggest, at the present moment, that where a Customs form is supplied, it might not be too much to expect a full and truthful report. That may not occur to Hiram Walker's or the St. George Import Company, but it would to the average citizen.

By Mr. Donaghy:

Q. Was it billed through to St. Pierre, Miquelon?—

Mr. CALDER, K.C.: Yes.

Mr. DONAGHY: You are going to call evidence to show that the boat did not go there?

Mr. CALDER, K.C.: Yes.

By Mr. Calder, K.C.:

Q. Is this a genuine bill of lading?—A. Absolutely.

By Hon. Mr. Stevens:

Q. What do you mean by genuine bill of lading; what is your idea?—A. A bill of lading as approved by the Railway Board.

Q. Is that a fair answer to my question of a bill of lading supplied in blank by the Railway Board and not filled in. Can you swear that it was intended, when you signed, that the stuff should go as billed?—A. I can swear as to that.

Q. By the Killarney to St. Pierre, Miquelon?—A. Yes, by the Killarney to St. Pierre, Miquelon.

By Mr. Calder, K.C.:

Q. Tell me if it is so, and it would appear to be so from the Customs form, B. 13, why it is billed via Grand Trunk since apparently the Killarney sailed directly from the Canadian port, Walkerville?—A. It is another shipment that you are talking about.

Q. No, I am not talking about another shipment.—A. This is another here.

Q. Will you state now, referring to shippers 159, why there is no route or conveyance of any kind set forth on the bill of lading?—A. These goods must have been ordered shipped by the United Steamships; and when I got the signature of Hiram Walker & Sons, Limited, for the United Steamships, our responsibility ceased.

Q. I am not asking you that; but if you will explain why it is that B-13 states that the exjort is via Steamship Killarney to St. Pierre Miquelon, and the bill-of-lading makes no mention what ever of the route or lading?—A. I can not explain that.

Q. Well, now, here is one, in Exhibit No. 192; will you look at that; which appears to be shipped by Hiram Walker & Sons, Limited, per C. Harwood, and say whether you signed that?—A. If that is my signature on there, I must have made it out.

Q. Will you say why B-13 says it is shipped via steamship Killarney?—A. I can not.

Q. And why the bill-of-lading shows it went via Grand Trunk?—A. I can not answer that question at all?

Q. Where is B-13 made out? Is it made out by you?—A. I do not think it was made out by me. I signed every export entry I made out.

Q. That is signed in blank, which is convenient when you want to refer to it?—A. Every one I have made out, I have signed.

Q. Would not you make out the Customs entry at the same time as you made out the original bill-of-lading?—A. Yes, I would make the export entry.

Q. You should make out the export entry?—A. Yes, sir.

Q. The bill-of-lading is evidently signed by you; it refers to order No. 135?—A. Yes, No. 135.

Q. And it refers to one thousand cases of whiskey shipped April 7th, which is the date of the bill-of-lading? Have you any doubt you made it out?—A. I made out the export entry for every one that says, "Customs papers attached".

Q. Do you mean to say that the words on the bill-of-lading are "Customs papers attached"?—A. Yes, sir.

Q. Where do those words appear, you made it out?—A. I did.

Q. Consequently you must have made out this one?—A. I did not.

Q. I do not understand you.—A. Is my signature on there?

Q. It is not.—A. Well, I did not.

Q. Nobody else signed it?—A. Every one I made out, I attached my signature to it.

Q. Your statement is that these bills-of-lading, these invoices, are made out by you?—A. The bill-of-lading is made by me.

Q. You say that where the words "Customs papers attached" are written on the bill-of-lading, and it is signed by you, you made out the B-13?—A. I did.

Q. You must have made out this one because it is one of that class?—A. No; every export entry I made out, I made it out in accordance with the shipping bill.

Q. These were all discovered together in the records of the Dominion Distillery Products Company. Is it your suggestion that the Customs B-13 was switched?—A. It may have been; I would not say it was. I did not make out that one.

Q. I put it to you that this must have been made by you, if you attached to the bill-of-lading from the Grand Trunk the Customs entry in conformity with it?—A. Yes.

Q. And afterwards your bill-of-lading is found in the records of the Dominion Distillery Products, with their invoice attached to it, and the export entry B-13, which is not the one you made out, so the inevitable conclusion is that some one has switched it?—A. May I see that a minute, please. (Produced to witness). You will notice the bill of lading is received from Hiram Walker & Sons, Limited, B-13 is signed by the St. George Importing & Exporting Company. Hiram Walker & Sons, Limited, had nothing to do with the shipment.

Q. Do you mean to say that the St. George Importing & Exporting Company received the shipment at Walkerville for export to St. Pierre Miquelon?—A. Yes, sir.

Q. And it was delivered to the Grand Trunk?—A. Yes, sir.

Q. On the same day?—A. On the same day.

Q. To be exported to St. Pierre Miquelon?—A. Yes, sir.

Q. How do you explain that?—A. We have a large territory; we have a dock siding, and we deliver goods to the dock siding, which is not unusual; that has been going on ever since the firm was in existence, to my knowledge.

Q. You delivered a certain quantity of liquor, on the bill-of-lading, routed via Grand Trunk; it goes to St. Pierre Miquelon; on the same day, the same quantity of liquor is apparently uselessly sent by steamship Killarney, to the St. George Importing & Exporting Company, to the same point. Why the two shipments?—A. If a shipment is diverted after it leaves Hiram Walker & Sons, Limited, hands I can not say.

Q. You know what is done?—A. If we have the signature of the railway company, we are through.

Q. Was it done by agreement?—A. Not to my knowldge.

Q. Is not it a fact that you delivered it immediately out of the Hiram Walker & Sons' factory at Walkerville, and it was taken delivery of by various companies, and shipped by them?—A. I can not answer that question, Mr. Calder. When we got the signature from the railway company, we were through, as far as we were concerned.

Q. What signature did you get from the railway company in this case?—F. V. Beck, the agent?—A. Yes sir.

Q. The moment you got that signature, you did not bother at all?—A. No, sir.

Q. When you got the signature of the agent on the bill-of-lading, were you not curious enough, at any time, to enquire what car it was on?—A. No, sir.

Q. Not even so the customer could trace it, if it were lost?—A. No, sir. Lots of shipments have car numbers.

Q. Will you look at the bundle of bills-of-lading that are here, and will you state, on your oath, whether it is not a fact that these bills-of-lading are all bogus, and none of the goods were ever delivered to the railway company?

Mr. DILLON: Are we going to identify this exhibit?

Mr. CALDER, K.C.: I will identify it as soon as he has looked at it.

Mr. FURLONG: I object to that question on the ground it has nothing to do with the defrauding of the Exchequer of Canada, and not only that, I do not know what the answer to the question might be; it might incriminate somebody in a matter with which this Committee has nothing to do.

Mr. CALDER, K.C.: My learned friend takes the peculiar position that the Government of Canada is not at all interested in whether or not its regulations are followed, because that is the attitude. The government may not have been defrauded of actual cash, but it is interested in the observance of its own regulations; and that papers filed, for any purpose whatever, are truthful papers.

Mr. FURLONG: You mistake my objection altogether. The Hiram Walker concern can sell whiskey, which is duty paid, and on which the sales tax is paid, to anybody who can legally purchase it. And surely that purchaser can do what he likes with it. Ever one of these cases is a sale to another company by Hiram Walker & Sons, Limited.

Mr. CALDER, K.C.: If that be the case, why go through the elaborate process of covering an absolutely legal transaction, by improper papers?

Mr. FURLONG: It may have been that the purchaser wanted to get this liquor into the United States.

Mr. CALDER, K.C.: In that case, Hiram Walker & Sons, Limited, assisted in a defrauding of the Customs.

Mr. FURLONG: No, they sold him the liquor.

Mr. CALDER, K.C.: They sold him the liquor; that is premature, if these are bogus bills-of-lading, that state that Customs papers are attached, improperly.

Mr. FURLONG: That is stretching it a long way.

By Mr. Donaghy:

Q. Are those bills prior to May, 1924?—A. Yes, they are.

Mr. DONAGHY: In May, 1924, Hiram Walker & Sons, Limited abandoned the process they had of shipping liquor, and the Dominion Distilleries at Montreal, purchased the liquor from Hiram Walker & Sons. The Dominion Distilleries carried on shipment in the same way that Hiram Walker had carried on prior to May, 1924.

Mr. CALDER, K.C.: No doubt about it.

By Mr. Calder, K.C.:

Q. I have still to get your answer.—A. I would not say they were bogus; they were shipped as freight, all the orders mentioned, bills-of-lading.

Q. And in no case, even in carload lots, apparently, is there any car mentioned?—A. No, if it is not shown there, on their copies of the bills-of-lading.

Mr. CALDER, K.C.: This will be filed as Exhibit No. 202.

Hon. Mr. STEVENS: State where they were found.

Mr. CALDER, K.C.: They were sent by Hiram Walker & Sons, Limited, to Mr. Nash, at Mr. Nash's request.

The CHAIRMAN: File them; they speak for themselves.

By Mr. Calder, K.C.:

Q. Do you know Scherer?—A. No, sir, I do not.

Q. Whenever any shipments were made, either direct or in a roundabout fashion to Mr. Scherer, who interposed himself in the transaction? Who stood as intermediary between Scherer and you?—A. Nobody stood as intermediary between Scherer and me.

Q. Were there any cases in which you shipped liquor to a man called Scherer?—A. Not to my knowledge. If you can show me some, I will admit it.

Q. Will you look at the letter, now shown you, dated January 11th, on the letter paper of the Dominion Distillery Products Company, dated at Montreal, January 11th, 1926, and addressed to Dominion Distillery Products Limited, and state whether you signed that letter?—A. That is my signature, yes, sir.

Q. This letter reads:

"Dominion Distillery Products

Dear Sirs,—Enclosed please find draft for $10,000 on Montreal, as per my telegram of the 9th inst. This is to apply to three hundred cases of Royal George.

Your very truly,

(Signed) C. HARWOOD."

Who was this order for?—A. I can not tell you. I wrote that at Mr. Cooper's request. He came into the office and asked if I would write the letter for him.

Q. You do not know why he wrote it?—A. He told me it was to apply on the three hundred cases of Royal George.

Q. Do you remember what the shipping instructions were?—A. No.

Q. Do you make Royal George?—A. No, sir.

Q. That is a Scotch whiskey?—A. Yes, sir. I understand that is about the duty-paid value of three hundred cases.

Q. Did you ever sign Scherer's name to freight receipts?—A. Not to my knowledge.

Q. Whose knowledge would it be, if not to yours? That would call for either "No" or "Yes"?—A. Well, I say no.

Q. That is better. Do you know who owned the boat Killarney?—A. I do not.

Q. Consequently you do not know where she can be located now?—A. No, sir, I could not tell you.

Q. Do you know how many trips to Mexico she made?—A. No, sir.

Q. Do you remember that they were very frequent?—A. They may have been.

Q. May I say very frequent?—A. Yes.

Q. Even then, when she was making a trip to Mexico in a time which would be creditable to an aeroplane, you did not even suspect that it was a false destination?—A. I did not follow the boat. I may have suspected it, but I did not follow the boat.

By the Chairman:

Q. You always ordered them to take the shortest route?—A. Yes, sir.

Mr. CALDER, K.C.: That is all.

By Mr. Donaghy:

Q. By the way, do you know why you discontinued shipping by this method?—A. On instructions from the Department of Customs and Excise, issued on or about the 20th of April, 1924.

Q. What did those instructions say?—A. That all liquors consigned to the Dominion Distilleries Company Limited, must be shipped to the distillery for distribution.

By the Chairman:

Q. You left the water to take the rain?—A. Yes, sir.

By Hon. Mr. Stevens:

Q. There is one thing that puzzles me; I have a list here of the shipments by the Killarney. For instance, here is a shipment on April 4, 1923, order No. 96, of 925 cases; then the next day, April 5th, all for St. Pierre-Miquelon; you knew they were not going to St. Pierre-Miquelon?—A. Did I sign export entries in both cases?

Q. I could not tell you?—A. I cannot answer these questions, unless I see the export entries.

Q. I think you might follow Mr. Cooper's example, and admit frankly that it is not common sense?—A. It is not common sense. I will admit that part of it.

Q. It looks foolish to suggest to the Committee that these shipments were following one another so fast?—A. I hope I did not suggest that.

Q. Here are shipments on March 1st, March 3rd, March 8th, March 10th, April 4th, April 5th, April 7th, April 17th, April 19th, April 19th,—twice on the same day; May 12th, May 15th and so on, and over farther we have three shipments on the 9th of November.

The CHAIRMAN: They had three crews.

By Hon. Mr. Stevens:

Q. To St. Pierre-Miquelon. It seems to me to be trifling with the Committtee to suggest for a moment that you did not know quite well that the Killarney was not going to St. Pierre-Miquelon?—A. Mr. Stevens, I may not have had anything to do with those shipments.

Q. But you take refuge behind the suggestion that you did not see the boat go, and all that, but when you were shipping daily to St. Pierre-Miquelon, by the same boat, you knew perfectly well the vessel was not going to St. Pierre-Miquelon?—A. I surmised it.

Q. You knew it? It makes the Committee look foolish to suggest that we should for a moment entertain the idea.

By Mr. Doucet:

Q. Where was the boat, on the lake?—A. On the Detroit river, and the lakes.

Hon. Mr. STEVENS: She was running across the lakes.

By Mr. Doucet:

Q. The boat Killarney being on the Detroit river, these were shipments through January, February, March and April, for St. Pierre-Miquelon. Is there any possibility of getting down the St. Lawrence river at that time of the year? —A. No, sir, I do not think so.

The CHAIRMAN: Perhaps they used an ice boat.

By Mr. St. Père:

Q. Was that liquor landed in the States?—A. I could not say that.

Q. There is no proof that that liquor came back into Canada?—A. It was all duty paid liquor.

By the Chairman:

Q. Did they object to receiving the liquor in Detroit?—A. Not to my knowledge, I think they were rather inclined to like it.

By Hon. Mr. Stevens:

Q. Not all the liquor you shipped was duty paid?—A. No, sir, not all the liquor.

By Mr. Furlong:

Q. But all shipped in this manner?—A. Yes.

By Mr. Doucet:

Q. All liquor shipped in this manner?—A. In every case where duty was not paid, there was a bond.

Mr. DOUCET: There was a landing certificate which, by the way, we will discuss later on.

By Mr. Calder, K.C.:

Q. Will you take a note of export entry No. 20136, H. Walker & Son, Walkerville, to G. Scherer, consigned to Detroit, and send whatever papers you may have in connection with that order?—A. May I see that, Mr. Calder. The export entry does not mean anything to us at all. I can look that up, but you can get it quicker through the Customs and Excise. I would have to go down there and get that information.

Mr. FURLONG: As Mr. Harwood is a shipper to Walkers only, I think you would have no difficulty if you asked one of the directors to produce that document.

Mr. CALDER, K.C.: We can arrange that.

WITNESS: I can get it for you.

Mr. CALDER, K.C.: We will look up the export entry here, and send you the date, with your order number, and you will let us have all papers in connection with it?

WITNESS: I will turn it over to one of the directors. I am just a clerk there.

By Mr. Donaghy:

Q. Are you the chief shipper?—A. Just on the domestic end of it. The duty paid end of it, Mr. Donaghy.

Q. Who is the other shipper?—A. We have another shipper.

Q. What is his name?—A. His name is C. P. Laing.

Q. Are there only two shippers?—A. There are about eight in our offices.

Q. Give us the names of them?—A. There is Mr. Laing, myself, Mr. Spencer, a chap named Ringrose, a chap by the name of Mosely, and a young lady stenographer, a Miss McRae.

Q. Is she a shipper?—A. No, she is in our office.

By the Chairman:

Q. She keeps the books?—A. Yes, sir, she keeps the books. She is in the office.

By Mr. Donaghy:

Q. Who actually sees to the delivery of these goods, when you are delivering them; do you see to the delivery of any of them?—A. No, sir, not personally.

Q. I want to know the name of the man who is seized of the delivery of them, and gets a receipt for the delivery?—A. I get a receipt for the delivery.

Q. Who hands it to you?—A. The agent, or we send the bills of lading up to the railway company.

Q. But who tracks the stuff out of the place; does the car go right into the distillery?—A. No, sir, we truck it out.

Q. Will you give us the names of those truckers?—A. We have our own truckers.

Q. Give us the names of some of them?—A. I can give you the name of one of them, his name is Merrifield.

Q. How many truckers have you, out of the distillery?—A. We have only two truckers.

Q. Merrifield is one; who is the other?—A. We keep getting new ones all the time. This one fellow has been there a long time.

Q. There have only been two men employed trucking whiskey out of the distillery?—A. More than that.

Q. I would like to find that out?—A. I would have to look at the pay rolls to tell.

Q. You could tell us by looking at the pay rolls?—A. Yes.

Q. I think we will have to get that information. How far do they have to truck it to get to the railway cars?—A. We have railway cars right in on our whiskey siding, and down to the dock siding.

Q. On some of them, there is a very short haul?—A. Yes.

Q. All of this whiskey is taken out of the distillery by truck?—A. No, sir.

Q. In what other way?—A. Some of it only. We have a siding within about twenty-five feet of our building.

Q. Who takes that?—A. We issue the orders to our warehouse man.
Q. Who is your warehouse man?—A. Ridgebrook.
Q. Does he superintend the actual shipping?—A. He superintends the actual loading.
Q. Does anybody assist him?—A. No, he has a gang of men, eight or ten men at a time; it varies.
Q. You say you have eight or nine truckers?—A. At different times, there have been different truckers right along. Our warehouse men usually truck out of the distillery.
Q. Will you swear that the liquor mentioned in this bundle of bills of lading Mr. Calder showed you, was actually loaded onto cars?—A. No, sir.
Q. You would not dare to swear that?—A. No, sir.
Q. Some of it might have been trucked to other parts of Ontario?—A. No, sir, not to other parts of Ontario. To our siding.
Q. Will you swear it went to a railway car?—A. To the best of my knowledge.
Q. Who would know that?—A. I could not tell you.
Q. Who is handling it?—A. Just our own truckers. We truck it down to the dock.
Q. You are the chief shipper?—A. Yes.
Q. You cannot say who could tell us whether it went on a railway car, on a boat, or up through Ontario?—A. Just our own men in the cars.
Q. Your own truckers?—A. Our own truckers.
Q. And your own shippers?—A. Yes.

Mr. DONAGHY: I think we will have to have them all appear here.

By Mr. Calder, K.C.:

Q. The Dominion Distilleries Company had trucks there too, had they?—A. I could not say that.
Q. Did you not deliver it to the Dominion Distilleries and to your own trucks that had been there before May, 1924?—A. We used our own trucks to put it on the siding that runs from us.
Q. You trucked the stuff down there, and delivered it to them there?—A. Yes.
Q. And, as you have often said during this testimony, your full duty as a man has been discharged?—A. Yes, absolutely.

By Mr. St. Pere:

Q. Are there any inspectors stationed around your place there?—A. There may have been.

By Hon. Mr. Stevens:

Q. Is it a duty bonded warehouse?—A. No; duty paid goods cannot go into a warehouse.
Q. An ordinary warehouse?—A. Yes.

Mr. DONAGHY: I have been trying to look up the law on this, and I do not find any law against what you were doing prior to June, 1924. Apparently, the law did not call for that.

Mr. FURLONG: Our local act in Ontario, the Ontario Temperance Act, section 132, provides that a distillery or brewery can sell, and anybody, even a person in a private house, can sell liquor to a person outside the province of Ontario, or outside the Dominion of Canada; therefore, it was pointed out at that time that the Hiram Walker Company could lawfully sell liquor to the Dominion Distilleries Company, inasmuch as they were in the province of

Quebec. We were not taking into consideration the Dominion Temperance Act, we were taking into consideration the Ontario Temperance Act.

Mr. DONAGHY: That prohibited sales in Ontario?

Mr. FURLONG: It was also given to them as legal advice, not only by another lawyer, but by myself, that the Dominion Distilleries could lawfully take possession of that liquor in the province of Ontario, and could lawfully sell that liquor to a person outside the province of Ontario, or outside the Dominion of Canada.

Mr. DONAGHY: You took care to see that the actual sale or agreement was made in Quebec instead of Ontario?

Mr. FURLONG: The word used in our Act is "transaction", and our courts have interpreted the term "transaction" to include sale and include delivery, payment of money, and all other incidentals which go with a transaction. Our Court of Appeal for Ontario, in the case of Rex v. Gooderham & Worts, in which the liquor sold was sold under fictitious names, decided that it was perfectly legal. In that case, the Gooderham & Worts people sold liquor to a party in Ontario; the party in Ontario went first to Buffalo, to send the order in, and took fictitious names out of the directory.

Mr. DONAGHY: The sales were made in Buffalo?

Mr. FURLONG: The sales were made in Buffalo. The liquor was seized shortly after it left the distillery, and the highest court in the province of Ontario decided that it was legal, and they gave the liquor back.

Mr. DONAGHY: To avoid some technicalities in the Ontario Temperance Act?

Mr. FURLONG: Yes, and Hiram Walker & Son got advice on it before they did it.

Mr. DONAGHY: The legislation did not come into effect until June, 1924. I was wondering why you were going through all that performance. That is your explanation of it?

Mr. FURLONG: That is it.

Mr. CALDER, K.C.: That is all, Mr. Chairman.

The CHAIRMAN: You are discharged, witness.

Witness discharged.

Mr. CALDER: I will call Mr. Lodge.

GEORGE B. LODGE called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Lodge, are you the Customs Officer at Walkerville?—A. Yes, sir.

Q. Are you in charge of the customs there?—A. No, just an examiner.

Q. Did you see the excise permits for all the shipments made by the Dominion Distilleries Products Limited?—A. I could not answer that question, sir. I have got a lot with me though that you can look over.

Q. In checking over such exports as you examined did you exact in each case the excise permit?—A. Yes, of course there were some there that did not have the excise permit with them.

Q. What did you do with those?—A. I never got them.

Q. What did you do with those shipments?—A. They went into the export docks.

Q. They went into the export docks and they left without permits?—A. No, they have their B-13's and their regular papers.

Q. They would not have the excise permits?—A. They don't have to have that. That is only good for ten days. Kept by us on file. I have a lot with me.

The CHAIRMAN: Mr. Lodge, we do not hear a word from you. We would like to hear you.

By Mr. Calder, K.C.:

Q. Who signed the export entries on behalf of the Dominion Distillery Products Company? There are quite a number of export entries here which are in blank.—A. I signed the majority of them but there are other officers there that signed them as well. Any of them with my signature on, I signed.

Q. Who signed the owner, shipper or consignor's declarations, as you will notice in this one?—A. It was G. Harbord. I didn't see him but I have seen his signature and the reason I noticed it was that he would not or did not give his residence, and I had to send the papers back on some occasions, but now they are coming through all right.

The CHAIRMAN: We did not hear that last answer.

By Mr. Calder, K.C.:

Q. Repeat what you have stated to me?—A. In regard to the signing of the exports?

Q. Yes.—A. G. Harbord or Harbut, I do not know what it is, used to sign them in lead pencil which I complained about, and he never gave his residence, and I took the question up and had him correct that and sign them in ink and also state his residence, where it was. They came through without the form being carried out as required by the regulations, but now everything is in order.

Q. Are you supposed to transmit any information to the United States authorities, acting as customs officer?—A. Yes.

Q. What information are you supposed to transmit?—A. The time of the clearance that has been issued on the cargo. I also stuck those in my pocket, Mr. Calder, for your perusal. That is for the month of April. The time telephoned is in lead pencil on the left.

Q. You have a note on the clearance from Walkerville—taking as a typical instance this paper which I will attach, and you might make a note that it has been attached?—A. I have to have those for our file, sir, all of them.

Q. Will you put a copy in? Secure the necessary form and put in a copy as typical. This is Customs Form C-8, No. 122. "Customs, Canada, Port of Walkerville, Ontario; clearance of the gas launch Gladys of Detroit, ten tons burden; official number blank, with two men, D. Wright, Master; from this port to the Port of Detroit with the undermentioned cargo, to wit: 22 cases beer. 2 cases wine. 174 cases liquor. And the necessary sea stores for the voyage. Given under my hand at the Custom House, Walkerville, this 30th day of April, 1926." Now that is made out for every clearance?—A. Yes, sir, for every boat.

Q. And you notify—?—A. The time.

Q. What official in the United States do you notify?—A. Sometimes the janitor, or whoever happens to be there. They laugh at me when I do it.

Q. The which?—A. The janitor or whoever happens to be on duty over there.

Q. You are speaking of the American officers?—A. Yes.

Q. You say that when you give them this information they laugh?—A. Yes, they want to know if they cannot come over and get some themselves. I tell them they have enough on the boat, if they can get it, which in some cases they do, and some times it goes down and the cargo with it.

Q. Can you tell us anything about the Killarney?—A. Which one?

Q. Are there several?—A. There are two.

Q. There are two Killarneys?—A. Yes.

Q. Give us the class and description of each of them, if you can.—A. They tell me it is the Killarney. There is no name on it.

Q. You have seen export entries mentioning the craft Killarney?—A. Yes.

Q. And you have seen those cases going on board a certain boat?—A. No, they don't ship in cases. They put them in sugar sacks; take the case off so that they will sink nicely—gunny sacks.

Q. You have seen those go aboard a certain boat?—A. Yes.

Q. Can you describe the boat which takes aboard the cargo said to be for export via Steamship Killarney?—A. Can I tell you what, sir?

Q. What kind of boat she is?—A. She is a very large boat and would carry a large cargo. The one at Amherstburg used to ply the waters 18 or 20 miles east of there and I believe it is being controlled by someone to cross the lakes to Toledo and places like that. That is the Killarney the Second.

Q. Did you ever hear of it making a sea voyage?—A. I have heard of the I.C. making a voyage.

Q. What is the I.C.?—A. That is years ago. It used to take trips. I never saw the boat. It is just hearsay about that.

Q. What about the other Killarney—what kind of boat is that?—A. Pretty much on the same scale. They are all old tumble down boats which you would not care much about. Some have cabins in which they can pack thousands of cases, bury them underneath and everywhere back and forth. There is enough firewood off those boxes around the border cities there to keep the poor people from freezing to death, piled up, yards of it. I have seen yards as big as this room piled full of empty cases.

Q. Did you ever notice any difference between the B-13's covering shipments of denatured alcohol, and the entries in the Inland Revenue book?—A. No sir, I never did. I haven't anything to do with that.

Q. You would not have an opportunity to see that?—A. No, I would if I wanted to, but I never bothered myself.

Q. You would have the opportunity but you did not think it necessary to take advantage of it?—A. Oh, if it was my duty to do so, I would do it. You see I am a soldier, Mr. Calder.

By Mr. Donaghy:

Q. By the way, are you situated in the parish of Walkerville or down at the port?—A. My home or residence is in Windsor near Sandwich. I come by car to the railway the first thing in the morning to look after the imports from the interior, such as whiskey and beer by the carload. I had four carloads just before I started down here.

Q. Your office is in Walkerville?—A. Yes sir, that is where I am employed, and my duties extend east of that all along the river front.

By the Chairman:

Q. How many years are you there?—A. On duty, how many years?

Q. Yes?—A. April, 1920, is the date of my appointment.

By Mr. St. Pere:

Q. Every time you notify the American Customs over there that a cargo is leaving Windsor or Walkerville, do they meet it on the other side?—A. No, because that might not get across for hours afterwards. When they get the clearance they go out and lie in the lake.

Q. You inform the janitor?—A. Yes, but excuse me, I might go further about that. The telephone is "Cadillac 8070," and I may get the Federal

Building sometimes, and sometimes the dock at the foot of Woodward Avenue, and sometimes the dock at the foot of Joseph Avenue. It is a mystery to me how they switch it around, unless they have connections with those docks after they close the main office. Sometimes girls answer it, or office boys, or something of that sort.

By Mr. Calder, K.C.:

Q. Mr. Lodge, there is a section or an article in the Treaty for the suppression of smuggling operations along the International Boundary between the Dominion of Canada and the United States. Article 2 says that the high contracting parties agree that clearance from Canada or from the United States shall be denied to any vessel carrying cargo consisting of articles the importation of which into the territory of Canada or of the United States, as the case may be, is prohibited, when it is evident from the tonnage, size, and general character of the vessel, or the length of the voyage and the perils of conditions of navigation, dependent upon it, that the vessel will be unable to carry its cargo to the destination proposed in the application for clearance. Have you ever been advised by your customs superiors that you should apply this article, namely when it appears clear from the condition of the boat, and from all the circumstances attending the shipment, that a boat that clears for Mexico cannot possibly get there?—A. I never clear any for Mexico.

By Mr. Donaghy:

Q. Where do you clear for?—A. For Detroit. It is about half a mile across. A person could swim it. If a carload came in by rail with a way bill stating that it was going to Mexico, we would seize it and send it back, which we have done in two cases within the last three months.

Q. Did you get a circular from Mr. Farrow of September 30th?—A. Yes sir.

Q. Have you got it with you?—A. Yes sir.

Q. He called your atention to the provisions of the law and asked you to enforce it?—A. Yes sir, that circular does, but these fellows are foolhardy sometimes. If their boat is not big enough they get some boards and build them up around the top of it.

Q. Is that a vessel, like a gasoline launch, that is supposed to carry a cargo to Mexico?—A. No sir, it may be an outboard motor boat. I have seen boats come over there that will go 45 miles an hour and take four cases and come back in ten minutes.

Q. These boats are capable of going to Detroit?—A. Yes sir, quickly. They can beat all the law boats they have there.

Q. So that in that way, they are not violating this provision of the Treaty.

Mr. CALDER: You have a customs entry on form B-13 for the Killarney to St. Pierre-Miquelon?—A. Not signed by me.

Q. No, it is not signed by anyone. It is blank receivers of Walkerville as far as the declaration is concerned?—A. Is the export number there, sir?

Q. No, there is no export number apparent. The export number would be on the original, I take it. This is a copy?—A. It should be on that; we get five copies with every shipment.

Q. Has it occurred in your experience that the export entry was for St. Pierre Miquelon, and the clearance was for Detroit?—A. No, sir; never. I never believed that liquor went down there. If any of it did, it went to Detroit anyway, even if it was billed to St. Pierre Miquelon. There was never any of that stuff that I know of.

Mr. CALDER, K.C.: That is all.

By Mr. St. Pere:

Q. You said that some of these bills for cargoes billed to Mexico were never shipped there?—A. They were probably billed for there, but they never went there.

Q. You knew then before seeing that permit to go outside, that they were not going to Mexico?—A. They would not get a permit. However, that was previous to my going on the job. My appointment dates from November last.

Witness retired.

WILLIAM JAMES HUSHION recalled and resworn.

By Mr. Calder, K.C.:

Q. Mr. Hushion, did you hold shares in the Dominion Distillery Products Company Limited?—A. Yes.

Q. How many?—A. 400, I think it was.

Q. What was the consideration you gave for that?

Mr. DILLON: One moment, please. Mr. Chairman, I think the committee disposed of that question when it was put to Mr. Leo. George. I make the same objection.

The CHAIRMAN: I think so, Mr. Calder.

Mr. KENNEDY: We didn't dispose of that question.

Hon. Mr. STEVENS: The committee did not dispose of it.

The CHAIRMAN: There was an objection made, and we maintained the objection, stating that it was not for us to go into how they acquired their shares, but simply as to how this country has been defrauded.

Mr. CALDER, K.C.: I ask this question in view of a former statement by Mr. Hushion that he was not interested. It is quite possible to hold shares fictitiously. I have held shares in many companies, and I would be a millionaire if they were worth anything. I want to show that Mr. Hushion was a real shareholder.

Mr. DONAGHY: I suppose he was.

By Mr. Calder, K.C.:

Q. What consideration did you give for those shares?

Mr. DILLON: I submit, may it please the committee, that there has been a ruling on this question in Mr. George's case. This is an identical question, and I make the same objection.

Mr. CALDER, K.C.: In the case of Mr. George, he was asked what consideration others had given. In this case, I am asking Mr. Hushion what consideration he himself gave.

Mr. DILLON: As I remember it, I think Mr. George was asked what he had given for the shares.

Hon. Mr. STEVENS: The committee never gave any ruling at all.

The CHAIRMAN: There was no ruling given, but Mr. Calder asked his question, we discussed it, and then the question was withdrawn.

Mr. CALDER, K.C.: There can be no very great objection to that question.

Mr. DILLON: I don't know that there is very great objection to it, but I do not think it really comes within the scope of the inquiry, as to the extent

or nature of the consideration a shareholder may have given for the stock which he holds; it is the operation of the company—

Mr. DONAGHY: As a matter of fact, Mr. Cooper told us he put the only money into the concern which was put in, $10,000, so I suppose this witness got his for nothing.

Mr. CALDER, K.C.: I want to find out what service he gave for it.

By Mr. Calder, K.C.:

Q. What was the consideration?—A. I was something like Mr. Cooper. I put up some money—about $10,000.

Q. Was that your original "put" in the matter?—A. That was the beginning of it.

Q. To whom was the $10,000 paid?—A. It was paid over to Mr. George, who was forming the company, and who had entailed some expense in constructing and starting the business.

Q. Was it paid in one sum?—A. No, it was paid in different sums.

Q. Do you think you could point out in your bank account the sums which went for that?—A. No, I would not think so.

Q. Can you tell us who Mr. Shernoff was, to whom payments were made by you? Did you receive any money from Shernoff?—A. What year is that?

Q. I think, Mr. Hushion, for the first question, as to whether you ever made any payments to, or received any payments from Shernoff is not a matter of date. You should be able to recollect without the date whether you did or not.—A. I have had some money from Shernoff.

Q. Have you paid money to him?—A. No, I don't think so.

Q. Who is he?—A. He is a man who handled liquor in Montreal at one time.

Q. Is that his actual name?—A. As far as I know, yes.

Q. Do you know where he lives?—A. No, I don't know.

Q. Who is Al Golden?—A. Well, Al Golden is a man—an American citizen, I imagine.

Q. Do you know his address?—A. No.

Q. Does the same remark apply to W. L. Van Dyke?—A. I don't know him at all.

Q. Do you know one Frank Riteman?—A. I have heard of him.

Q. Who is Riteman?—A. I don't know, but I heard there was such a person.

Q. Was he a customer by way of purchasing liquor?—A. Not from me, no.

Q. Not from you individually, but from any of the concerns with which the Dominion Distilleries interlocked?—A. It is possible, but I don't know about that.

Q. What was the reason why an account should be opened in the name of George and Hushion?—A. Well, again I would have to go back to the year on that.

Q. You would have to know the year?—A. Not necessarily know the year, no. That was in the year 1920 or 1921. I was in the liquor business in 1920 and 1921.

Q. As an authorized vendor?—A. Yes sir, and the George people—it was then I first became acquainted with them, and did business with them. We had a license to ship liquor legally out of Quebec, to points in Ontario, and we, having a license, the railroads accepted our shipments, so we undertook to ship the George Estate goods. That is how that came about.

Q. And for the purpose of the shipments—A. At that time, when they closed out, we undertook to take their stock over, and that is what it was for.

Q. And the account then standing in the name of George and Hushion was merely for the purpose of shipping the George goods, according to an agreement between you and the George people?—A. No. What was the amount of that transaction?

Q. Will you look at a list of certain cheques from your bank account? (Handing document to witness)—A. I cannot tell from that.

Q. I think you have the dates there.—A. (Referring to document) This is 1920. Well, that would be shipments that we made for them. We may have purchased from them on one day, and sold to them the next day.

Q. Then it has nothing to do with the hay and grain business?—A. No sir, nothing at all.

Q. Have you a record of the sales of hay and grain made by you since April, 1925?—A. No, I have not done any. The books will show that. You ought not to ask me that question.

Q. Will you look at a cheque on the Standard Bank of Canada—your account—Montreal, dated September 2, 1921, for $3,500, to R. P. Smallhorn. Mr. Smallhorn is in the employ of the C.N.R., is he not?—A. He was, poor man.

Q. Is he dead now?—A. He is. That was money I loaned Mr. Smallhorn one day.

Q. On what security?—A. On no security except his word.

Q. Was it repaid?—A. Yes sir, it was.

Q. When?—A. Oh, some time after that; I don't just remember.

Q. By cheque?—A. No, I think it was cash.

Q. And you don't know the date of the repayment?—A. No, I dont remember.

Q. The products of the Dominion Distillery Products Company Limited, the St. George Importing Company, and all the companies interlocking and operating together for the purpose of shipping, among other places, to "Rum Row" were all handled by Mr. Gregory George, were they not, in his Savings Bank account?—A. I don't know what account he had them in.

Q. Did he pay you by cheque?—A. He did not pay me anything. I had nothing to do with that business at all.

Q. Nothing to do with the business of shipping liquor by the following process—A. Well, what do you mean by "the following process".

Mr. DILLON: He is just going to tell you what it is.

Mr. CALDER, K.C.: "The following processes" are words introducing the processes.

The WITNESS: I understand you.

By Mr. Calder, K.C.:

Q. (Reading)

"Namely, that the Dominion Distilleries should purchase from Walker, and receive a certain consideration per case".

—A. That is right.

Q. They would then ship to the St. George Importing Company, and the St. George Importing Company would ship to "Rum Row". You were interested in that, were you not, at least to the extent of taking part of the profits of the Dominion Distilleries Company?—A. Yes, as far as the Dominion Distilleries, I was.

Q. They practically took what profits there were, using merely the St. George Importing Company and other similar companies as agencies—A. No, they had nothing to do with the Dominion Distilleries. The Dominion Distilleries made a sale to the St. George Importing, or whoever it was, at St. Pierre, but it was a distinctly different company.

Q. Was there actual money exchanged—money paid over by the St. George Importing Company?—A. I imagine it was paid before the goods were first shipped.

Q. Do you know that of a certainty?—A. I am sure it was, or the goods would not have been shpped.

Q. That would be the proper concluson—A. It is a positive conclusion.

Q. —if the St. George Importing Company were anybody else but Mr. George under another name? I suppose it may be taken for granted that the Dominion Distilleries was Mr. George under another name?—A. The Dominion Distilleries was not Mr. George alone.

Q. If that be so, why is it that the sums of money coming into the Dominion Distilleries proper, represent practically only the operating expenses, and that no account was given by Mr. George of sales and money income; that no record of sales was kept by the Dominion Distilleries Products, Limited?—A. Well, the way I would answer that, sir, is that the particular business that the Dominion Distilleries had been doing at that time, was the business that we were doing through Walker's. Mr. Cooper would order, and we would fill the order. That was the only money, up to quite recently, that the Dominion Distilleries had made. We have been constructing and building for the last year and a half, and have only concluded last year, and any money we have made since then has gone into the plant.

Q. Any money that the Dominion Distilleries Company has made has gone into the plant?—A. Yes.

Q. Why do not the books show it coming and going out of the plant?—A. I do not know whether it does show it or not. Mr. George has kept his books and kept track of the shipping that was done and I for one felt satisfied when he told me we were meeting our responsibilities and getting along, and everything was quite all right.

Q. The auditors have found that there is no record of the income from sales and no record of expenditures for purchases to a certain amount bearing proportionately to the total transactions of the Dominion Distillery Products direct with the other sales to which a portion of the same was not accounted for, by the Dominion Distillery Products Company or Mr. Gregory George. On the contrary he put amounts derived from these sales that were turned over into his savings bank account and paid out of this cheques to the directors?—A. Yes.

Q. And to you and to himself and to all those interested in the Dominion Distilleries in proportion to their share?—A. That is how we started it and he kept the business account, and things sort of went along and were entirely satisfactory.

Q. I suppose we will expect to find cheques paid for buildings?—A. You have had some of our principals here to-day who had our contract, and different business concerns we did business with. We made our returns, and received the money and paddled along in that sort of way.

Q. Do you know anything about the sale of denatured alcohol?—A. No, not beyond that we sold some.

Q. Can you give any plausible reason to the Committee why you should sell a customer denatured alcohol at a price of from $7 to $10 a gallon, in carload lots, when rubbing alcohol can be purchased for 87 cents a gallon?—A. It was a mistake if it happened, I would imagine, it might as well be $10 or $3. It was only for statistical purposes and I was not interested in it.

Q. But you billed the customers at $10?—A. I do not say that. You are asking if I know why it was done, and I say, I do not know, and I might say it has very little bearing—

Q. Except this, it might be denatured and it was sold for the purposes of redistilling?—A. That would not make any difference; it was denatured alcohol.

Q. Number 1, denatured spirits?—A. Either Number 1, or—

Q. Number 1, specially denatured spirits were sold by you, or by the Company at $7 or $10 per gallon, when it could be purchased retail anywhere for 87 cents per gallon?—A. You say that?

Q. We are going to prove that?—A. I might tell you that the company has an inquiry for the same denatured alcohol.

Q. For the same purpose?—A. I do not know, I presume.

Q. Not at $10 a gallon?—A. I am saying there was an inquiry to our company for a quantity of denatured alcohol just as the other one was at a price of $5 a gallon.

Q. Will you produce the certificate, or the inquiry?—A. I have not got it here, sir.

Q. Who has it?—A. I presume our office has it.

Q. Will you give instructions to your office to forward it?—A. I will do my best.

Q. Will you undertake to produce it, or else give a satisfactory explanation why it is not produced?—A. It was not asked to be produced.

Q. I am asking you now.

The CHAIRMAN: Le him state his full explanation.

By Mr. Calder, K.C.:

Q. We have got the fact that Mr. Hushion says, "we have an order for rubbing alcohol."—A. I said we had an inquiry. I am telling you we had an inquiry quite recently; a very substantial order of the same at $5 and something a gallon. Why are you so surprised at the Dominion Distilleries selling denatured alcohol? Every distillery in Canada has sold it, and one concern in one month, in Montreal, sold more than we have sold in a year and a half.

Q. Att the same price?—A. No, that is for you to find out.

Q. We will find that out. You have made a statement, and we go to the bottom. What are the distilleries who are selling it?—A. That is for your department to find out, I could not tell you that.

Q. Here is a witness who makes a statement that other distilleries are doing the same thing, and that is what we are here to find out. You might give us a lead towards doing it?—A. A lead, I have given you a lead, and that is what I am telling you.

Q. What distilleries have been doing it?—A. Take the department, and they will tell you what it is.

By the Chairman:

Q. You do not know at present?—A. I am telling what I am told; the same as this which has been going on about our business.

Q. You told us somebody had told you, you got an inquiry for denatured alcohol at $5 a gallon, who told you that?—A. One of our clerks.

Q. Which one?—A. What do you say?

Q. Which employee?—A. I think it was the secretary of the company who told me.

Q. Mr. Bulger?—A. Yes.

Q. Was it a communication in writing or verbal?—A. I could not answer who mentioned it to me, as they were surprised at having the order.

Q. If this communication is in writing and in the records of the company, will you instruct Mr. Bulger to send it?—A. Yes.

Q. There have been no other persons inquiring for alcohol for $5 since you sold it at $7 to $10?—A. I do not know.

Q. You billed at $3 to $10?—A. I do not know that we did.

Q. I will take a look at some of the invoices.—A. I would not know if I saw them.

Q. There have been invoices produced as part of the report which show that alcohol was delivered at that price?

By Hon. Mr. Donaghy:

Q. Mr. Hushion, I presume there has been quite a demand on the market for denatured alcohol, when it has been selling at a figure at 80 cents a gallon? —A. I suppose it is like most other businesses, it fluctuates.

Q. Where is the demand, in the United States?—A. Yes.

Q. A strong demand there for that kind of alcohol?—A. Yes.

Q. If there is a shortage they have to pay a big price?—A. Yes.

Q. That is evidently all there is to it?—A. Yes.

By Hon. Mr. Stevens:

Q. I suppose it is being sold for beverage purposes?—A. I could not say.

By Hon. Mr. Donaghy:

Q. I suppose, when they get it they distill it?—A. It is reasonable to believe; I could not say.

Q. In any event, you would have no control over that?—A. No.

By Hon. Mr. Stevens:

Q. I was going to ask you, Mr. Hushion, if you would revise your statement made on February 15th. I was going to give you that opportunity, and I presume you now will. At page 90 of the evidence, you stated that you practically knew nothing about the Dominion Distilleries and other companies?—A. Quite true

Q. I beg your pardon?—A. It was quite true at that time.

Q. Do you still persist in that observation?—A. Well, to some extent, yes.

Q. I think it would be more graceful if you now admit that you were wrong there?—A. Well, I will, if you will tell me what I said and I will tell you whether I am wrong.

Q. "Are you connected with the Dominion Distilery?"—A. Yes.

Q. You say " I am a shareholder".—A. Yes.

Q. " Q. Are you an officer of the company?—A. No, sir."—A. It was true at the time.

Q. You were a director?—A. No, I was a shareholder.

Q. You were a director.—A. No, not at that time.

Q. Were you not?—A. No.

Q. Well, I have here, Mr. Hushion, a copy of an official document with a green ribbon and white seal of the Secretary of State, certifying that it is a true and faithful copy of a statement in lieu of prospectus, and which I find is signed by you, August 7th last, 1925.—A. That is the Dominion Distilleries Limited.

Q. The Dominion Distilleries Limited?—A. Yes, I am a director of that.

Q. It is the same concern?—A. No.

Q. Are you connected with the Dominion Distilleries?—A. There was another Dominion Distilleries. I understood you to ask about the Dominion Distillery Products Company. You are right if that is the Dominion Distilleries, Limited, that is right, I will withdraw it.

Q. In February, I asked you, this year, " Are you connected with the Dominion Distilleries"?—A. If you were referring to the Dominion Distillery Products Company, I would know it; I did not know which you meant.

Q. Another thing I asked you was this: What business do you follow, and you said the hay and grain business, " that is my principal business".—A. It has been for twenty years.

Q. It is not to-day?—A. Not to-day.

Q. It was not on February 15th?—A. No more than it is to-day.

Q. That statement was wrong?—A. Well, it was not, and it was.

Q. It was or it was not, one or the other?—A. Whichever way you like to take it. What I have found funny is the way I have been referred to as being a hay man and I might say that I was a hay man for twenty years in Montreal, and in 1920 I had a license, and I naturally gave it up for a better business.

Q. Another question: "You have no connection with it"; that is the Dominion Distilleries?—"A. No, sir."—A. When you were examining me that day I understood you to be always speaking of the Dominion Distillery Products Company.

Hon. Mr. STEVENS: Have we got the list of cheques of Gregory George to Mr. Hushion, the Dominion Distillery Products Company or the Dominion Distilleries Limited?

By Hon. Mr. Stevens:

Q. They are both the same companies, doing one business?—A. One went in with the other.

Q. Simply a revamping of the company; the old company was revamped? —A. No, it is a different company to-day.

Mr. DILLON, K.C.: The Dominion Distilleries Company is an absolutely new corporation.

By Hon. Mr. Donaghy:

Q. Did it take over the business and assets of the old company?—A. Yes.

By Hon. Mr. Stevens:

Q. That is the purpose?—A. Yes.

By the Chairman:

Q. A reorganization?—A. Yes.

Q. Nor have they, as Mr. Calder says, kept a record of their sales and purchases?—A. So he says.

Q. The books show that. There are some cheques payable to you, from time to time, from the Gregory George account.

Mr. CALDER, K.C.: We have no cheques at all. There is a record of cheques and the payment out of the bank.

Hon. Mr. STEVENS: There were some very large payments by Mr. Gregory George, various payments, including payments to Mr. Hushion.

By Hon. Mr. Stevens:

Q. There are very large payments, Mr. Hushion, made by Gregory George, out of that mysterious savings account, to yourself as well as to others; not only to you?—A. There are not any large payments to me out of it. In what year?

Hon. Mr. STEVENS: You have Mr. Nash beside you, Mr. Calder, and can follow that through.

Mr. CALDER, K.C.: I am trying to find that now.

Hon. Mr. STEVENS: I think we are entitled to an explanation, in the absence of proper entries in the books of the Dominion Distilleries. Mr. Bulger says he does not know; Mr. Leo George does not know.

The WITNESS: No, he does not.

By Hon. Mr. Stevens:

Q. Mr. Gregory George is away. Now, here are large sums paid to you? —A. Not to me. In what year?

Q. I feel we are entitled to an explanation of that relation?—A. I will be very happy to give you any explanation I am able to.

Mr. CALDER, K.C.: Since the incorporation, Mr. Stevens, we have traced, by deposits, in Mr. Hushion's account, and by slips; account of $1,330, of July 2nd; $2,000, July 31st; $2,000, August 4th, 1924.

By Mr. Calder, K.C.:

Q. That is questionable?—A. They are all questionable, for that matter. Have you anything stating those were paid to me?

Q. I am instructed that they correspond?—A. But they don't.

Q. That they correspond with the amounts, and that is the only trace we have.

Hon. Mr. STEVENS: The long and short of it is, the absence of Gregory George makes it impossible to trace it.

By Mr. Calder, K.C.:

Q. If Mr. Gregory George would send the cheques, this would be cleared. —A. It would not enlighten you as to what you are evidently after, to find what this company defrauded the government out of.

Q. That is not all we are interested in.—A. Well, the principal thing.

Q. We are concerned in the administration of the Department, whether they can issue a regulation and allow it to become a dead letter.

Mr. DONAGHY: At the same time, a cheque given by Gregory George to Mr. Hushion, would not establish whether the departmental regulations have been exceeded, or not.

The WITNESS: If I had received a cheque, I would say so. July, 1924, could be different, I could have had a cheque then.

By Mr. Calder, K.C.:

Q. I am not drawing any conclusion; that is a question Mr. Stevens asked?—A. It is not important, anyway. If I did get it, would it be important?

Q. I did not ask you the original question. On December 30th, there was a cheque; apparently it is doubtful, also, for $2,000.

Hon. Mr. STEVENS: Let me put it in this way. That apparently is not getting at the point. Here is a statement in Mr. Nash's report, on page 17, referring to Mr. Hushion, outside of the hay and grain business. "A considerable portion of these transactions were in liquor, and (so far as the records show) the sum of $93,031.95 was paid to G. A. George or the George Companies."

Mr. DONAGHY: By whom?

Hon. Mr. STEVENS: By Hushion.

Mr. DONAGHY: It does not say that.

Hon. Mr. STEVENS: I do not want to read it all. Mr. Nash, will you tell me, at once, whether I am correct. I am referring to page No. 17. What do you mean by that; "A considerable portion— " and so on.

Mr. NASH: We are speaking of the five year agreement.

Hon. Mr. STEVENS: These are sums of money paid to Mr. George By Mr. Hushion.

By Hon. Mr. Stevens:

Q. What I am asking you is this; you said you have had practically nothing to do with these companies; I am now pointing out that you had very considerable transactions with them?—A. In the year 1920 and '21, I did purchase, or sold to them, probably $90,000 worth of goods, at any time.

By Mr. St. Pere:

Q. When you were in the liquor business?—A. Yes. In 1924, 1925, and 1926, I sold lots of goods to them, and purchased lots too.

By Mr. Furlong:

Q. That was before the Quebec Liquor Act came into force?—A. Yes.
Q. You were selling in Ontario?—A. Yes.

By Mr. St. Père:

Q. You were a licensed vendor?—A. Yes.

By Mr. Dillon:

Q. And you dealt in all duty paid goods?—A. Yes, I paid the duty on every dollar's worth of liquor that I had in Montreal.

By Mr. Calder, K.C.:

Q. Did you make a loan to Mr. Smallhorn, on one occasion only?—A. I do not like to discuss that much, Mr. Calder; I do not see that it has any bearing. If you insist, I will tell you; but it is not very much.

Q. I am not only acting under instructions?—A. It will not make us any the wiser, to discuss that.

Q. I shall have to ask you for an answer?—A. He came and asked me, which I told Mr. Nash, and Mr. Nash would have that information. I should not have objected to the question, but it is a sort of discredit on a man who is dead.

Mr. DONAGHY: Tell it privately.

The CHAIRMAN: State it in general terms.

By Mr. Calder, K.C.:

Q. Would it harm Mr. Smallhorn?—A. No, not whatever, he is dead and gone.

Q. Let us have it.—A. Mr. Smallhorn was in need of money, he had been on the stock market, and one day he wanted this money, to get himself, I suppose, in a position to hold his holdings; and I helped him out. That is absolutely as it was, sir.

Q. Did that occur on more than one occasion?—A. Only one or two, I think, as far as I know.

Q. Look at the two cheques, one of which has already been shown to you, and the other is for $3,200; and state whether it was applied in that way?—A. I imagine it was. 1921 is a long time ago.

Mr. NASH: 1921 and 1922.

By Mr. Dillon:

Q. Mr. Hushion, the transactions in 1925 to which you referred, in the George & Hushion account, all concerned duty paid goods?—A. Absolutely, yes, every one.

Witness discharged.

[Mr. W. J. Hushion.]

A. E. NASH *recalled.*

By Mr. Dillon:

Q. Mr. Nash, the suppliers of material who were here this morning, like Mr. Sheehy, Mr. Wilson and others, whose names have been used, as indicating payments having been made to them, when they were not made, those are simply names that are entered in the books by Mr. Nicol, are they, to cover up his defalcations, and explains how the bank showed that balance, which otherwise they would not have shown?—A. Presumably, if you have made up your mind that they were defalcations. I am not making that statement. But, if that is so, yes.

By Hon. Mr. Stevens:

Q. You do not know, Mr. Nash, as the auditor, whether or not, Nicol is actually a defaulter?—A. We have not inquired into Mr. Nicol's account, all we have done is make the statement. We were inquiring primarily into the accounts of the company, and, as stated in the report, there appear to be transactions of an irregular nature in connection with Mr. Nicol on which we have reported, as we think, properly.

By Mr. Dillon:

Q. When you made your appearance on the scene, and had broached that subject, Nicol disappeared?—A. I think he went the day after we discussed these entries with him.

Hon. Mr. STEVENS: We would like to have Nicol produced.

Mr. DILLON: We would like very much to have him.

Hon. Mr. STEVENS: Your company was notified about six weeks ago to produce him.

Mr. DILLON: The remark has been made, Mr. Chairman and gentlemen, two or three times, last Friday and to-day, that Mr. Gregory George was abroad, when he had not been discharged as a witness in attendance before the Committeeffi he had not been dispensed with as a witness.

I notice in the heading of the proceedings of for the 3rd of March, 1926, at page 477:

> "*By the Chairman:*
>
> Q. It means that the books and documents are all the documents produced before this Committee since the opening of this Committee?—A. Yes, sir.
>
> "The Chairman:
> are there any other questions to be put to the witnesses?
> That is all. You are discharged.
> The Witness discharged."

I would respectfully request that the press would give as much prominence to that, as to the statements which have been so freely published that Mr. Gregory George was evading attendance before the Committee. I think it is on record at page 477 of the proceedings. Of course, I was not here.

Hon. Mr. STEVENS: Now, Mr. Dillon, I was here, and I may say that when that observation was made, I turned to the Chairman and said, "No, Mr. George is not discharged." As often occurs, as the Chairman will recall, a matter is passed. Then Mr. Brackin, counsel for Mr. George, standing here, asked whether he could go; he wanted leave for him to go away, and he rather appealed to me, as I had been the one responsible for calling him here. I refused to give any consent, as far as I was concerned, although the Committee was adjourned for

a couple of weeks. Then Mr. Brackin asked if there would be any objection to Mr. George going away for a week or two, and again it was stated that he would leave at his own risk. Then, Mr. Brackin undertook that if he was permitted to go away for a week or two to have him here whenever he was wanted. That was counsel's undertaking, here in the Committee.

The CHAIRMAN: Mr. Stevens, here is the discussion which is to be found on page 220 of the proceedings.

"Q. Do your books show that?—A. Yes, sir.

The CHAIRMAN: You are released for to-day, but is we need you we will let you know.

The WITNESS: Can I go back to Montreal?

The CHAIRMAN: Yes.

By Hon. Mr. Stevens:

Q. You will produce those books as soon as you possibly can?—A. Yes, sir.

Witness retired."

Then at page 477 he filed his books.

Mr. DILLON: I am instructed, Mr. Chairman, that Mr. Brackin was not present before the Committee on the 3rd of March, when Mr. Gregory was discharged, but was present on the 19th of February, when the Chairman told him to report again.

Hon. Mr. STEVENS: Mr. Brackin appealed to me personally, and I told him that it was not my business to authorize him to go away at all, and I refused personally to consent to it.

Mr. DILLON: I am instructed that the occasion when Mr. Brackin appealed to you was on the 19th of February.

Hon. Mr. STEVENS: No.

Mr. DILLON: And that on the 3rd of March, Mr. Brackin was not here.

Hon. Mr. STEVENS: That is not the case, Mr. Dillon. It was just before the adjournment. He proposed that Mr. George should go away during the adjournment, to which I had no objection.

The CHAIRMAN: The evidence must be taken as it stands.

Hon. Mr. STEVENS: But that is not all. I passed a resolution since that, and then we wired to Mr. George in Europe asking for his presence here during a certain time, I think a week or so ago. He had no excuse, when he went away. He could have left word where he could be found in London.

Mr. CALDER, K.C.: Mr. Chairman, some time earlier in the proceedings, in connection with the matter of St. Cesaire, the Brisbois and the Masson car, I read into the record a letter of which I then only had a copy, from my own records. It was not marked "personal and confidential" as I see the original is. I think any person who looks at the letter will see that the words "personal and confidential" were put on afterwards by a stenographer.

The CHAIRMAN: They are on the original, but were not on the copy?

Mr. CALDER, K.C.: On the original, but not on the copy, otherwise I think the Committee can take it for granted that I would not have used the letter at all. But I got a letter from Mr. Bureau which was marked "confidential," whereas my letter was not "confidential." I will read into the record my reply

from Mr. Jacques Bureau, as follows, he having waived all privilege arising from the notation:—

"Re Seizure No. 32036/3500.

Private and Confidential.

OTTAWA, December 6, 1923.

R. I. CALDER, Esq., K.C.,
260 St. James Street,
Montreal, Que.

MON CHER CONFRÈRE,—I did not answer your letter of the 1st of November before for two reasons. When it came to me, I was away, and it was called to my attention by your telegram of the 22nd of November.

I have investigated the matter thoroughly. There is something I do not like about the whole transaction. There was a ring existing in Montreal to defraud the Government whenever automobiles were smuggled. As a result of their doing, and after consulting with the officers of the Department, we decided that all cars seized for non-payment of duty would be forfeited, and ever since that time, we have followed this proceeding.

You state in your letter that you were shown letters signed by me that the car would not be released until the sum of $1,400 was paid to Brisebois. I am sorry to say that I have looked through the file and I keep a copy of every letter I write and there is no such letter on file and I have never made any statement to the effect, either directly or indirectly.

Blais was in to see me the other day and wanted me to assure the Insurance Company that if he were paid $1,400, I would release the car to the Company.

All my conversations and all my letters have been to the effect that the Government could not make any compromise with any one, that the law and regulations should be followed to the letter. That if the Company wanted to make any agreement with Brisebois, that was their business, not ours. If the Company has any claims to submit to the Department or any evidence to offer, it is up to them to do it and not to us to try and discover it.

Under the present ruling, the cars seized are forfeited and are the property of the Crown and have to be disposed of by the Crown.

I may add for your private information that this question of stolen automobiles has been taken up at the Conference and we are trying to find out some solution.

With kindest regards,

Believe me,
Sincerely yours,

R.M.C."

The Committee adjourned until Wednesday, June 2nd, at 10.30 a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 58—WEDNESDAY, JUNE 2, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Fred Dobson, Labourer, Dominion Distillers Limited, Montreal, Que.
Mr. Frank Graham, Labourer, Dominion Distillers Limited, Montreal, Que.
Mr. George Harbert, Montreal, Que.
Mr. John McCarthy, Customs, Montreal, Que.
Mr. Paul LaCroix, Montreal, Que.
Mr. A. E. Nash, Clarkson, Gordon & Dilworth, Chartered Accountants.
Mr. T. H. C. Morgan, Clarkson, Gordon & Dilworth, Chartered Accountants.
Mr. W. Wilson, Chief of Preventive Service, Department of Customs and Excise.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1926

EXHIBITS FILED

No. 203—Certain letters from Mr. R. P. Clerk, Inspector of Customs, Montreal, asked for by Mr. Calder.

No. 204—Report of Mr. Kennedy, Acting Chief Inspector, respecting the Port of Montreal.

No. 205—Correspondence found in the private office of Mr. Gregory George re Farquhar Steamship Companies, etc.

No. 206—Ninth Interim Report of the Auditors to the Committee.

MINUTES OF PROCEEDINGS

WEDNESDAY, 2nd June, 1926.

The Committee met at 10.30 a.m., Mr. Mercier, the Chairman, presiding.

Present: Messrs. Bell, Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Pere and Stevens—8.

Committee counsel present: Messrs. Calder and Tighe.

The minutes of yesterday's meeting were read and adopted.

Mr. G. W. Taylor submitted,—File No. 125024, seizure of automobile from Mrs. Olivia M. Graham.

At the suggestion of Mr. Calder—

Ordered—That the current books of Dominion Distillers Limited be returned to that company.

Ordered—That Mr. J. G. Farquhar, of Halifax, be summoned to appear on Tuesday, 8th June.

Dominion Distillers Limited

The following witnesses were called, sworn, examined and discharged:

1. Mr. Fred Dobson, Labourer, Dominion Distillers, Limited, Montreal.
2. Mr. Frank Graham, Labourer, Dominion Distillers Limited, Montreal.
3. Mr. George Harbert, Montreal.

Mr. John McCarthy, Customs, Montreal, Que., was called and sworn, and examined as to liquor taken out of bond without excise duty being paid.

Witness discharged.

Mr. Paul LaCroix, ex-employee of the firm of J. E. Belisle, Montreal, Que., was called and sworn, and examined in French, interpreted by Mr. Beauchamp, respecting the operations of the J. E. Belisle firm.

Witness discharged.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Mr. A. E. Nash, Clarkson, Gordon & Dilworth, Chartered Accountants, was recalled and sworn, and examined respecting the contents of the Eighth Interim Report of the Auditors to the Committee.

Witness retired.

Mr. T. H. C. Morgan, Clarkson, Gordon & Dilworth, Chartered Accountants, was recalled and examined respecting the audit made by him of the books of the Federal Distilleries, Limited.

During the examination, Mr. Calder read and filed—

Exhibit No. 205—Correspondence found in the private office of Mr. Gregory George.

Witness retired.

Hon. Mr. Boivin filed—

Exhibit No. 203—Certain letters from Mr. R. P. Clerk, Inspector of Customs, Montreal, asked for by Mr. Calder.

Exhibit No. 204—Report of Mr. Kennedy, Acting Chief Inspector, respecting the Port of Montreal.

Moved by Hon. Mr. Stevens—That Mr. C. B. Alexander, Customs Officer, Toronto, be summoned to appear to-morrow, Thursday.

Motion agreed to.

Mr. W. F. Wilson, Chief of Preventive Service, Department of Customs and Excise, Ottawa, Ont., was recalled. He filed a precis for each of the following files, viz:

File No. 11739, re alleged smuggling of dresses by the Phoenix Manufacturing Company, Montreal, Que.

File No. 125800, seizure of silk from the Model Dress Company, Montreal, Que.

File No. 125799, seizure of silk from the Clarence Dress Company, Montreal, Que.

File No. 125801, seizure of silk from Miladi Dress Company, Montreal, Que.

File No. 125569, seizure from Benjamin J. Cohen, Montreal, Que.

File No. 125757, seizure of silk fabric from Benco Silk Company, Montreal, Que.

File No. 125669, seizure from Benjamin J. Cohen and Dominion Dress Manufacturing Company, Montreal, Que.

File No. 125761, seizure of silk fabric from Benco Silk Company, Montreal, Que.

Which Mr. Calder read into the record.

Witness retired.

Moved by Mr. Donaghy—That A. M. Kennedy, Inspector, Department of Customs and Excise, be summoned before this Committee for Friday afternoon, June 4, 1926.

Motion agreed to.

Moved by Hon. Mr. Stevens—That all the files be produced re the granting of a Brewery License to the Sarnia Brewing Co., Ltd., and all the correspondence between the Minister of Customs or any of his officers or staff, and Mike Bernard, or John German, his counsel, or Robert Street, or C. McTague, in regard to granting of said license.

Motion agreed to.

Mr. A. E. Nash was recalled and filed—

Exhibit No. 206—Ninth Interim Report of the Auditors.

Witness retired.

The Committee adjourned until to-morrow at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

WEDNESDAY, June 2nd, 1926.

The Special Committee appointed to investigate the Department of Customs and Excise, and charges relating thereto, met at 10.30 a.m., the Chairman, Mr. Mercier, presiding.

Mr. CALDER, K.C.: Will you call Mr. Dobson? During this testimony may Mr. Harbert and Mr. Graham be excluded?

Hon. Mr. STEVENS: Mr. Harbert and Mr. Graham will retire.

Mr. NASH: I would like to make a statement to the Committee.

Mr. Chairman, Mr. Dillon, counsel for the Distilleries, yesterday asked me to look up the share certificates of the four original incorporators of the Dominion Distilleries. I have done that.

Mr. DILLON: Five.

Mr. NASH: Yes, five. I have done that and I find those certificates are endorsed on the back in blank.

Mr. DILLON, K.C.: And are handed back, and are in the records of the company now.

Mr. NASH: Yes.

FRED DOBSON called and sworn.

Q. Mr. Dobson, what is your occupation?—A. Labourer, in general.
Q. Where are you employed?—A. At the Dominion Distilleries.
Q. At the plant or in the office?—A. At the plant.
Q. That is on the bank of the canal?—A. Yes.
Q. North or south bank?—A. It would be the north, I think.
Q. Is there a wharf there?—A. No, sir.
Q. Is there a siding?—A. Yes, there is a siding.
Q. What work do you do for the Dominion Distilleries?—A. Well, whatever they put me to.
Q. What have they put you to, let us say since November of last year, until the present time?—A. I have been handling coal, and doing the fermenting tun work, looking after the corn, and the stuff they put on the tuns, for fermenting.
Q. Preparing the mash?—A. Yes, preparing the mash.
Q. Did you have anything to do with denaturing of alcohol?—A. Well, no, I have nothing to do with that; I only work at it.
Q. You work at denaturing?—A. I do not know whether it is denaturing or not, because I have had no experience in that line.
Q. Were you engaged in connection with the shipping?—A. No, I help.
Q. Or in loading?—A. In loading.
Q. Where was the loading done, on to the cars at the siding?—A. Yes, sir.
Q. Was any trucking done?—A. Yes, trucking was done also.

By Hon. Mr. Stevens:

Q. You mean motor trucking?—A. Yes.

By Mr. Calder, K.C.:

Q. Was all the work of loading, while you were there, done in the daytime?—A. Well, not exactly; I don't know if you would call it day; sometimes it would be a little after six o'clock.

Q. Was there any loading done at night, I mean after dark?—A. In the winter time after six o'clock, it was not extra light.

Q. Do you know Mr. Lally, the Excise officer?—A. Yes.

Q. Had he gone home when this loading was done?—A. I didn't see him.

Q. At what time did he use to go home?—A. As far as I remember, I have seen him sometimes going at five o'clock, and a little after five; I don't remember exactly the minute.

Q. Were you laid off during the day, in order to do that work at night?—A. No, sir, we worked during the day also.

Q. This was classed as overtime?—A. Yes, sir.

Q. Was there ever any occasion when you were asked to return earlier than usual, in order to load early in the morning?—A. No, sir.

Q. Did you have occasion to load any stuff during the month of May, at night, or after Mr. Lally's departure?—A. No, sir, not after night.

Q. In the month of May?—A. In the month of May, not after night, I never loaded any.

Q. Did you, at any time, load any liquors marked "Poison"?—A. No, sir, I did not help to load it.

Q. Did you know it was loaded?—A. Well, I have seen it marked "Poison"; I did not help to load it; I was not there.

Q. Did you see it there, loaded?—A. I saw the car there.

Q. Those were tin cans marked "Poison"?—A. Yes, sir.

Q. How were they packed?—A. They were packed in cardboard cartons, as far as I saw them.

Q. Was there anything done to hide them in the car?—A. Except sawdust; I saw sawdust around.

Q. Was that for the purpose of packing in between the cartons, or for covering over the cartons?—A. I can not say as to that. I do not know their line of business on that point. All I saw was sawdust, cartons, and the cans. I was not working at the time.

Q. Did you ever see anybody take a drink from these cans that were marked "Poison"?—A. Not from the cans, no, sir.

Q. You must have seen them taking drinks out of ordinary tins?—A. Occasionally, I have seen them during the winter months, when it was cold.

Q. Without evil effects?—A. Well, if they drink enough, it would have an effect, all right.

Q. What part of the warehouse was the liquor shipped from, that was shipped after hours?—A. Well, there was a room on the third floor, I think, I am not sure, about the floor.

Q. The third or second floor?—A. I think it would be about the third. There was a room there for working at the alcohol, when I was working there.

Q. For working at the alcohol?—A. Yes, sir.

Q. Was that a bond?—A. I do not think so. We could go in when we liked. I don't know whether you would call it a bond or not. There were no locks on the door, we could go in there from the stairway.

Q. Do you know whether that was the room in which the alcohol from the barge "Tremblay" was placed?—A. No, I cannot swear as to that.

Q. Anyway you took the tins out of that room?—A. Yes sir.

Q. And shipped them after hours?—A. Yes sir.

Q. Was it one of those tins you saw people taking drinks?—A. No, not out of tins, they used to be taking drinks out of barrels.

Q. This was done after hours, after Mr. Lally had left?—A. I don't know if he had left, but I did not see him.

Q. He was not around when you were loading?—A. No, sir.

Q. When you got your summons in this case, did you get it at your house, or at the plant?—A. Well, the wire went to my brother-in-law's, and they 'phoned me over at the plant.

Q. Did you have to ask for permission to come up to Ottawa, from the people at the plant?—A. I told my foreman I had to go.

Q. Was Mr. Graham also notified?—A. He was notified by 'phone, from the head office.

Q. Did anybody from the Dominion Distilleries come up with you to Ottawa, you and Mr. Graham?—A. Mr. Harbert came up.

Q. Mr. Harbert is not summoned as a witness; can you tell us why he came up here?—A. I cannot say his reason whatever; he just said, when he was coming up, that he had some business to come on, and he was coming through on the same train.

Q. Am I correctly informed that he stuck pretty closely to you all the way, and since?—A. He was in the same car.

Q. And he has been talking to you and to Mr. Graham?—A. Yes, occasionally.

Q. He has been talking about the case?—A. He was giving us not to be scared, to take things cool, and to go the right way.

Q. Go the right way?—A. Not to swear anything out of the way; to swear the truth.

Q. Why should he have to tell you that? That was your intention in coming up here?—A. Certainly.

Q. Why should Harbert take such an interest in you, even as to your morals?—A. I can't say.

Q. Did Mr. Harbert have you and Mr. Graham in his room at the hotel this morning?—A. The three of us were in the sitting room.

Q. By his invitation?—A. They had a room reserved for us.

Q. Mr. Harbert had a room, hadn't he?—A. Yes.

Q. You went to his room, with Mr. Graham?—A. No, the three of us were in the same room.

Q. Rooms were reserved for the three of you?—A. I don't know how many, but the three of us were in there during the night.

Q. Is that in the dormitories?—A. Yes.

Q. Where several people are?—A. Yes.

By Mr. Dillon:

Q. Mr. Dobson, when you used the expression "after hours" in answer to Mr. Calder's question, would you kindly say precisely what you mean by "after hours"?—A. Well, after our day's work; we had to do nine hours, and after that was the overtime.

Q. How long overtime did you usually work, when you did work overtime? —A. Well, sometimes it would be an hour, and sometimes an hour and a half.

Q. Did you ever go back at night time?—A. No, sir. When we left the plant, we were finished.

Q. When you refer to shipping, and after hours, did you intend, or is it your evidence, that you completed loading that had been begun before?—A. No, sir.

Q. Will you fully explain what you mean by shipping, in that connection? —A. Well, we worked up till half past five; our hours were from seven-thirty to five, to make it nine hours; half an hour for dinner. After that, if there was any work done, we would be told to wait, there might be some extra work. Then we had to wait.

Q. What extra work did you usually do in the extra time that you put in? —A. Well, it was loading crates, that is boxes.

Q. What do you mean by the expression "loading"? Do you mean filling crates?—A. No, loading it on the truck.

Q. Is that the only work you did after hours?—A. That is the only work, sir, after hours. After we had finished, we had to go home.

Q. How often did you work overtime like that?—A. I cannot exactly say, but occasionally it happened during the week, sometimes twice or three times during the week.

Q. Altogether, during the time you have been there, did you work very much overtime?—A. Not after the trucking ceased to get through the snow, we didn't do much overtime then.

Q. Who was your superior there?—A. Well, when I first went there, the man I took to be my foreman, the man I got orders from, was a fellow named Mike Dunning. That is the only order I took, except from Mr. Paquette.

Q. Mr. Paquette, was the boss?—A. He is a kind of manager. But Mr. Dunning gave the orders what to do during the time I was there, and looked after us.

Q. You do not know from whom he received his orders?—A. No, I can't say. I don't know nothing about his business.

Q. You say you were employed as a laborer at coal, and helping with the mash, or whatever work you were put at?—A. Whatever work I was put at.

Q. If you had not completed the work you were performing when your time was up in the evening, you would stay later on to finish it?—A. I never had occasion to do so, sir, not at the work we was put to at the morning, we always got through when it was time to go home at five o'clock.

By Mr. Calder, K.C.:

Q. This was special work they put on you, at that hour?—A. It must have been special; it kept us anyway.

Q. Did Mr. Harbert, on the way to Ottawa, or once here, or at any time since last Friday, promise you anything? Or did he threaten you in any way in connection with your testimony to be given? Now, remember you are on your oath? —A. No, he didn't threaten me with anything whatever.

Mr. BELL: That is half the answer.

By Mr. Calder, K.C.:

Q. Did he promise you anything?—A. No, he didn't promise me anything.

Q. Did he promise you that you would be continued in your job, and assured of it, if you testified in a certain way?—A. Mr. Harbert didn't say anything.

Q. Did anybody?—A. Well, they said if the plant went on, we would have steady work.

Q. And, somehow, your testimony appears to have something to do with the plant going on; is that right?—A. Must have brung me up for that reason.

Q. Did he tell you that you would be fired, if your testimony was not satisfactory?—A. No, Mr. Harbert never told me.

Q. Did he tell that to Mr. Garham?—A. I can't say.

Q. In your hearing?—A. No, not in my hearing.

By Hon. Mr. Stevens:

Q. Did anybody else tell you that?—A. No, sir.

By Mr. Calder, K.C.:

Q. Did Mr. Harbert see you on Friday or Saturday before you got the summons, about the case?—A. No, sir, he didn't.

Q. He did not go to see you on Friday night?—A. No, sir.

Q. And he did not speak to you of it, on Saturday morning?—A. No, sir.

Q. Nor on Sunday?—A. No, sir.

Q. Nor yesterday?—A. Yesterday, coming up, we talked about the case; that is the only time.

Q. Did he ask you what you were going to say?—A. Well, in a way, he gave an idea what he said.

Q. He told you what he had said here? Did he ask you to fit your testimony to his?—A. No, he didn't say.

Q. Did he indicate, or intimate, you had better say the same thing? Did he?—A. If one was weak-minded, or strong-minded, you could take it either way, I suppose.

Q. Now, tell me whether you were ever laid off day work?—A. Yes, sir.

Q. In order to do night work?—A. No, sir. If we did night work, we worked in the day just the same.

Q. Was not there any occasion when you were laid off for one week, while loading cars of liquor marked "Poison", camouflaged with sawdust; you were laid off for a week, of day work, in order that you could work at night?—A. No, I didn't work at night. If we came back, we worked in the day just the same, after we came back.

Q. Are you quite sure? I am sorry, but I must press you for the reason you can easily foresee. Did you ever give anybody that information?—A. No, sir, never. We were laid off for eight days, and after the eight days we came back to work again, and started as usual, at seven o'clock, and finished at whatever time we got through our work.

Q. Why were you laid off?—A. I can't say.

Q. Were not you laid off to make up for the night work?—A. I can't say that.

Q. Did they pay you while you were laid off?—A. No, sir, not a cent.

Q. Now, Mr. Dobson, will you please reflect very carefully; I know under what pressure you appear to be just now; will you reflect very carefully and decide now whether you did not, towards the end of May, load a certain Grand Trunk car with liquor packed in paper boxes and sawdust, in four gallon tin cans, marked "Poison"?—A. No, sir, I didn't work at that.

Q. You say you did not work at that?—A. No, sir, I did not work; I was laid off, I think, during that time.

Q. You think you were laid off during that time?—A. Yes, sir.

Q. Did you see that being done?—A. I saw the liquor in the cans.

Q. Will you tell me how you saw that being done, if you were laid off?—A. I went back for my pay, on Saturday; I think I had two days coming to me, $8.10, and I went back for it.

Q. Will you tell me this; were four other men and yourself laid off work for a week while loading a certain car, and other cars?—A. Well, I don't know if there were four—yes, there were four of us laid off.

Q. Were you laid off for the purpose of loading this car?—A. I can't say that. I didn't know the intention, why they laid us off, but we were laid off.

Mr. DILLON: He does not understand that.

By Mr. Calder, K.C.:

Q. Well now, Mr. Dobson, I am sorry to have to take this step. Will you look at that letter and say whether you wrote it? (Letter produced).—A. Yes, sir.

Q. Did anybody ask you to write that letter?—A. No, sir.

Q. And it contains the truth?—A. Yes, sir.

The CHAIRMAN: Will you read that letter into the record, because all my life I have been under the impression the employer was always hung by the employee.

Mr. CALDER, K.C.: There are some matters in the letter that are irrelevant.

The CHAIRMAN: Read all of it.

Mr. CALDER, K.C.:

"MONTREAL, May 23, 1926.

Mr. H. H. STEVENS,
Ottawa, Canada.

Dear Mr. STEVENS,—Just a few words in regards to your investigation. On Saturday, the 22nd May, G.T. car No. 18633 was loading liquors packed up in paper boxes and sawdust, in 4 gal. tin-cans (marked POISON). The best of this carload. I am the one who look after most of the making, and 4 other men and myself was laid off work for one week. While loading this car and other cars, they keep just three of their so-called men for this work, one being a man name Mike Dunning, a very close friend of Hushion, W. J.

Now regarding liquors that stored away, and what we work on at Sundays, they have lots of this stuff yet. But not in G. Bonds rooms.

Now, Mr. Stevens, I notice in this Star a man called Dr. Sproul. I presume this man from Campbellton, N.B. Well let me say that in that town, liquors of all kinds comes up the Gaspe coast and sold in every hotel in Campbellton. Personally I was in one hotel just before Xmas, and in a small room where we could get drinks, I counted fifty (50) cases of White Horse Liquors, and yet there are many hotels living in that small town.

My only wish, Mr. Stevens, is that I could afford to go to Ottawa. I sure could show some papers that would do good in some places.

Sincerely waiting,
(Signed) FRED DOBSON.

New Address
109-A Archibauld street,
Cote St. Paul,
Montreal."

By Mr. Calder, K.C.:

Q. You state here that "on Saturday, the 22nd May, G.T. car 18633 was loading liquors packed up in paper boxes and sawdust in 4 gal. tin cans (marked POISON). The best of this car." That is true, isn't it?—A. Yes, sir.

Q. "I am the one who looked after most of the making." Is that true?—A. Yes, sir. I saw boxes making there.

Q. What do you mean by "making"?—A. I looked after the fermenting of it, and pumping into the beer well, and from that they take it to the still.

Q. You go on to say, "Four other men and myself was laid off work for one week. While loading this car and other cars."—A. They was loading the car and would give us employment just the same as if we had been there.

Q. "Most of the making," is that true?—A. They would give work, just as well as others.

Q. Is that what you meant?—A. Yes, sir. As the man that was working there didn't do the work I have done, and I am sure I have not been treated right.

Q. Now, you say, "Now regarding liquors thats stored away, and what we work on at Sundays, they have lots of this stuff yet, but not in G. Bond rooms." Did you work on Sundays?—A. We worked on Sundays, yes, sir.

Q. What at?—A. I was hauling liquor from the storage to the bottling room.

Q. Why would you do that on Sunday?—A. Well, we had to get through this quantity of liquor that seemed to be not just right.

Q. What liquor was it that seemed to be not just right?—A. The alcohol, as far as I knew.

Q. Which alcohol?—A. They had it come in large barrels, and we filled up cans from the barrels; and after that it seemed to be cloudy. I think they did some filtering in some manner to it; as far as I know.

Q. Where were the barrels, in bond?—A. They were on the floor. Mr. Lally took the numbers of them while I was rolling them in, and he took the weight of them.

Q. And they were not put in the bond?—A. Yes, they were put in the bond.

Q. You just told me a minute ago they were not put in the bond?—A. I did not say the barrels were not put in the bond; I said the liquor that we took out of the barrels was in a room which was not in the bond. The liquor we took out of the barrels and put in the cans was not in the bond, I do not think so.

Q. In other words, the liquor was taken from the barrels and put in the tins?—A. Yes.

Q. And put in another room which was not in the bond?—A. Yes.

By Hon. Mr. Stevens:

Q. Was it in the room where you did the mixing?—A. Yes, sir.

By Mr. Donaghy:

Q. And Mr. Lally was there when you took it out?—A. Yes, sir, he was there.

By Mr. St. Pere:

Q. Do you remember any liquor that was put in the other room, being taken out?—A. It looked to be the same barrels.

Q. You say liquor was taken out of the big barrels and put in tins, and put in another room?—A. No, sir, it was put in tins, and then put in boxes, and left in the same room when we were finished.

Q. Do you know of liquor being taken out of that room?—A. Yes, sir.

Q. And shipped?—A. Yes, sir.

Q. Without coming to Mr. Lally's notice?—A. I don't know, they may have notified Mr. Lally; I was not there. I do not say they did or didn't. I did not see Mr. Lally there at the time.

Q. Who told you that the liquor was taken out? How can you say that? —A. What?

Q. Liquor that was taken out, did you take it out yourself?—A. No, all I had to do with the liquor was when we filled the cans we put it in boxes, and took the boxes and loaded them on the truck.

By the Chairman:

Q. Mr. Lally was there?—A. No, Mr. Lally was not there, not when we put it on the trucks.

Q. The bond was closed?—A. Yes.

Q. Locked?—A. Yes, locked. The liquor in the boxes was in another room altogether.

By Mr. Calder, K.C.:

Q. Were these tins marked "Poison"?—A. No, sir.

Q. Were any drinks taken, by men, out of these tins?—A. Not out of the tins, but out of the barrels.

Q. While filling the tins?—A. When the tin was filled and corked, it was sealed, and could not be touched afterwards.

Q. Do I understand you correctly; you were shifting liquor from barrels into tins?—A. Yes, sir.

Q. And when you were doing that, you took a drink out of the barrels?—A. I didn't exactly take it.

Q. Without anything else being done, you took the tins, sealed them, and put them outside?—A. We put them in wooden boxes and nailed them up.

By the Chairman:

Q. Was liquor taken out of the bond, loaded and shipped, after the Customs and excise was paid?—A. I don't know about that.

Q. Just tell what you do know; and if you want to refer to the letter, you are welcome.—A. I aint referring to anything I can't stand up to, not one bit of it.

By Mr. Calder, K.C.:

Q. Mr. Dobson, was any stuff loaded on trucks belonging to a man called Arbour?—A. I can't swear to the man as I don't know him.

Q. Were the trucks marked "Arbour Cartage Company"?—A. I don't know of any marks on the trucks whatever, they were covered in.

Q. When you say you can not swear to the man, was the name of Mr. Arbour mentioned in your hearing?—A. No, I never heard his name mentioned.

Q. Did you ever see any cars that came from Walkerville, to the distillery, sealed, and the seal being broken, and the car being opened, and liquor put in from the Dominion Distilleries?—A. Well, I have worked at it, yes.

Q. What liquors were put in?—A. "Royal George" was some that was put in.

Q. Was any of this stuff drawn from the barrels, put in the car?—A. No, sir, not in the cans.

By Mr. Bell:

Q. How often did that happen, to your knowledge?—A. I can not say directly how often.

Q. Give us your best idea?—A. Several times, anyway.

Q. When you referred, in your letter, to Mr. Stevens, to certain papers you would like to show, what papers had you in mind?—A. That is papers and contracts I have down home, sir.

Q. What are they?—A. Papers about liquor dealing down on the Gaspe coast.

Q. Where are they now?—A. They are in the hands of Gelly & Dion, lawyers, of Quebec.

Q. Why are they with them?—A. I was intending to proceed to get back property they took from me, not legally, or from my mother, at least. I went to engage these lawyers to fight the case. I have not the money at present to push the case; I paid them some and asked if they would wait until I gathered up money to proceed. They were willing to do so.

Q. When did you consult them, how long ago?—A. It would be about a year ago.

Q. Have they had these papers ever since?—A. Yes, sir, they have them to-day, just as they had them at first.

Q. How do you know they have them now?—A. Mr. Gelly told me personally he would look after them, and would wait until I got $100 to give him, so he could proceed.

Q. Is it only these documents which you had in mind when you wrote the letter, and made that reference?—A. I had those letters in mind and wanted

to see if I could not get some way of getting back the property. They defrauded my mother out of house and home for nothing.

Q. When you saw Mr. Harbert, and were in conversation with him last night and this morning, did you tell him that you had written that letter to Mr. Stevens?—A. No, sir, he knew nothing about it.

Q. Are you sure he knows nothing about it?—A. Me and Mr. Harbert were bad friends; the only time he ever showed anything towards me was coming up on the train. Before that, he wouldn't look at me, because we had had some words during the winter time.

Q. At all events, you are positive he was not aware that you had written the letter to Mr. Stevens—A. I don't think so.

By Mr. St. Père:

Q. Did Mr. Harbert tell you to lie before this Committee?—A. No, sir.

Q. Did he ask you to come and commit perjury?—A. No, sir. Mr. Harbert never said those words personally to me. I am swearing to what I know and nothing more.

Q. Did he tell you to tell a lie, to save yourself?—A. I just answered that question.

By the Chairman:

Q. Did he tell you to tell the truth?—A. He told me to swear to what I knew. He didn't tell me to swear for this or that one, he just said what he had done and not to be frightened, as I had as much to say as the others. That is all he said to me, coming up.

By Mr. Bell:

Q. He would not be so friendly with you, if he knew you had written that letter?—A. He can not do anything to me.

The CHAIRMAN: A man can be an informer if he chooses.

The WITNESS: I am not an informer. I have not been doing dirty tricks to get anything out of it, but I am taking action now to try and get back what I want.

Mr. CALDER, K.C.: May I suggest, Mr. Chairman, that we very often have to rely upon such evidence. It would be better not to discourage the giving of such evidence by being too severe upon the witness when he comes before the Committee. We must deal with certain weapons; in conducting this enquiry; it is unfortunate, but we have sometimes to clean up whole cities with this same kind of testimony, provided it is corroborated.

By Mr. Donaghy:

Q. You had a little trouble about some property?—A. Yes, sir.

Q. Is that at Campbellton, N.B.?—A. No, sir.

Q. Where?—A. New Carlisle, Quebec.

Q. Somebody was beating you out of something you were entitled to?—A. No, sir, they didn't do me out of what I was entitled to; I had it. They did my mother out of the property, and it was P. E. Cote and F. J. Pigeon, the district manager.

Q. You consulted another firm of lawyers to look after your rights?—A. I hired lawyers before; then I went to another lawyer, to Mr. Lavergne, of Quebec, and gave him $235.

By the Chairman:

Q. What is his first name?—A. Armand Lavergne.

Q. A K.C. from Quebec?—A. Yes, sir.

Q. What has he done for you?—A. Nothing.
Q. He got your money?—A. He got the money, absolutely.
Q. You don't say so?—A. I have the papers with his own name signed to it.

By Mr. Donaghy:

Q. I am afraid you are not a friend of the legal profession?—A. Not in Quebec province.

By the Chairman:

Q. Was Mr. Lavergne acting before the court for you?—A. No, sir, he wouldn't give me that much assistance. I was sent up for sixty days. I have his letters in black and white.
Q. He charged you $235 for that?—A. He charged me $235 for that.
Q. Did you come before this Committee to say that Mr. Lavergne has your money?—A. No, sir, I didn't. I don't want this Committee to help me out in regard to the money whatever; it is gone, like thousands before.
Q. Did you see the judge in the court about it?—A. No, sir, I didn't. When I saw him in New Carlisle, he turned his back on me; he would not put me in the witness box.
Q. You wanted to go in the witness box?—A. Certainly. What did you think I was there for, statue?
Q. Have you a receipt for the $235?—A. Yes, sir, and thousands beside that.
Q. Now that man is Armand Lavergne?—A. Armand Lavergne, Quebec.
Q. You are positive of that?—A. I am sure of it.

By Mr. Donaghy:

Q. Referring to the papers relating to liquor; you had some papers relating to liquor dealings?—A. Yes, sir.
Q. What liquor dealings?—A. I was selling liquor at the time; that is where I made my money; and the lawyers took it from me.
Q. What year is this?—A. I can not swear directly, because it is about five years ago, when I was selling it, good.
Q. What do you mean by saying you were selling liquor, were you buying it legally?—A. I suppose you would call it illegal. I was buying it legally, and selling it illegally. I was fined for doing so.
Q. Had you a license?—A. No, sir. I was fined for having no license. I paid $208.
Q. Were you a bootlegger?—A. I don't know if you would call it that; I was not going fast enough.

By the Chairman:

Q. You were a wholesale liquor merchant?—A. You can put it that way.

By Mr. Donaghy:

Q. You were selling liquor illegally?—A. Yes.
Q. And made a lot of money?—A. I paid money to Cote and Pigeon of New Carlisle.

By the Chairman:

Q. You must be careful about partners, because sometimes a partner will take three-quarters of the pile?—A. I was alone; after I got money I had lots of partners in the legal profession.
Q. Did they want you to make it an incorporated company?—A. No, sir, put me below, and do the work themselves.
Q. You don't say so.—A. They done it.

Q. You got nothing?—A. I got absolutely nothing. I had the work to do, to support my mother.

Q. You could not find a lawyer who would give you satisfaction?—A. Absolutely none. I am not speaking for up here.

Q. It may be like Diogenes who took a lighted lantern, when you were going out to find a lawyer?—A. No, sir, I would not have to take a lantern for that; they would see the light before it is ever lit.

By Mr. Donaghy:

Q. You did not tell how these papers relate to liquor?—A. It was receipts for money I paid out.

Q. You wrote this letter to Mr. Stevens, saying that you had some papers that would be important regarding liquor matters; I take it to be something that is important for the Committee to hear; what are they?—A. Receipts for money they took; that I paid.

Q. Wait a minute, you are a little excited?—A. No, sir, the faster I speak the better it comes to my mind. What I say I can back up in black and white.

The CHAIRMAN: Go to it.

The WITNESS: When I started selling liquor, I bought from Boivin, Wilson, and that is before the Quebec Commission took charge of it. The fine for a first offence was only $50; I was stuck $208 because I made a little money out of sales. Then Mr. P. E. Cote, who was a revenue officer, called me down to the office. I don't know whether it was provincial or dominion, but it was revenue business. He was a revenue officer; I was in the liquor business, and he fined me $208. I paid him $208, and after that he took the action against me for selling liquor. He told me that Mr. Rivet of Quebec had better liquor than I was getting from Montreal. I went to Mr. Rivet and asked for the best liquor, because I had good customers—

By the Chairman:

Q. Where were the customers?—A. Men in New Carlisle.

Q. On the waterfront?—A. Yes.

Q. And on the highways?—A. On the highways; they have to come somewhere. I bought liquor from Rivet of Quebec, and his first shipment was very good stuff. The second shipment was around $480 and I would not accept it because it was not the stuff he sent the first time.

Q. Did you find any water in place of liquor?—A. I did not find water, but the fellows damn near died after drinking it; it was worse than water. So I objected to paying the full amount of the money, and he took proceedings against me by Mr. P. E. Cote of New Carlisle, the revenue officer.

Q. He wanted to ruin you?—A. As long as I live, I am not ruined. After he took proceedings, there was a lawyer by the name of Mills practising at New Carlisle, who carried on the case for about three or four months; it has never come on yet.

Q. You don't say so.—A. If you don't want to think I don't say so, all right.

Q. I am trying to give you justice.—A. It did not come on. He told me if I would come and settle the case, in his office, I could carry on and there would not be anything done to me.

By Mr. St. Père:

Q. Did you carry on?—A. Yes.

Q. After paying the debt?—A. After paying this man the money; Rivet's personal friend.

By the Chairman:

Q. Did you pay it?—A. No, sir, I said I wouldn't pay the full amount I was charged for the liquor. I would pay the amount for the quality of the liquor I got. I don't remember the amount, but I have the bills.

Mr. BELL: Do we want the story of this man's life?

Mr. DONAGHY: You have not answered my question yet. We do not want all that rubbish that you are giving us.

By Mr. Donaghy:

Q. Let me read this paragraph in the letter; "My only wish, Mr. Stevens, is that I could afford to go to Ottawa. I sure could show some papers that would do good in some places." Tell me what those papers are, that will assist this Committee?—A. I do not say it would do work for this Committee. I say there are men down there.

Q. You say, "My only wish, Mr. Stevens, is that I could afford to go to Ottawa,"; why did you want to come to Ottawa?—A. Why wouldn't I want to come to Ottawa. It is concerning me, when I lost all that money down home.

By the Chairman:

Q. Ottawa is the Capital of Canada, and you could have justice here?—A. I would have a pretty good show, anyway; that is better than they gave me.

By Mr. Donaghy:

Q. Keep quiet. We do not want a lot of rubbish.—A. It is not rubbish; it is facts.

Q. You have stated in this letter, to Mr. Stevens, that you had some information, which would lead anybody to suppose that you had some documents that would be of interest to this Committee investigating Customs and excise matters. Have you any document of that kind?—A. I just explained a while ago that all these papers are in Gelly & Dion's hands in Quebec.

By Mr. Calder, K.C.:

Q. They do not refer to this inquiry in any way?—A. They refer to this inquiry of the Dominion Distilleries, to what happened to me.

Q. I think you are a very silly chap to say that documents would be of interest to us that only relate to your private grievance?—A. It is not private; it is in the Supreme Court.

By Mr. St. Pere:

Q. When you paid out money to that party in New Carlisle, and when he told you that everything would be O.K. after you paid that money, did he promise you protection in some way so you could keep on doing business?—A. He told me straight up and down I would be fined. He said the matter had to go through his hands.

By the Chairman:

Q. Did you believe it?—A. I believed it, because I carried it on.

Q. Before writing this letter to Mr. Stevens on May 23rd, 1926, were you promised anything by anybody?—A. Never, sir. I lost everything I had. I never took any promise from anybody. I am trying to get back, by rights, what I have lost.

By Mr. St. Pere:

Q. What date did you pay that money at New Carlisle?—A. I can't say the dates. It is all in black and white.

Q. What year?—A. I can't remember the year just now.

By the Chairman:

Q. You had better go back to Quebec and see the lawyer, Mr. Lavergne?—A. Never; he would take another $200.00 from me.

Mr. ST. PERE: Mr. Chairman, is this relevant to the inquiry?

The CHAIRMAN: No, but it shows the mental attitude of the witness.

Mr. ST. PERE: A lot of this will be published in the Province of Quebec.

By Hon. Mr. Stevens:

Q. Just answer one or two simple questions about the place where you worked at the Dominion Distilleries; you referred to a room upstairs; is the room locked?—A. No, sir.

Q. Did you and the other workmen have access to the place?—A. We had, to the place where we were filling the cans.

Q. I am not asking you that. Follow me carefully. You said that after the cans were filled, they were put in a room upstairs?—A. In the same room.

Q. These tins, after being filled, were left in this room?—A. Yes, sir.

Q. And the door was not locked?—A. No, sir, the elevator went through there, and the door was never locked. The only time the door is locked, is the door leading into the bondhouse.

Q. This alcohol which was put into these tins was taken out of the barrels, in the premises below?—A. On the second flat, the barrels were rolled out on the second flat and taken up to the canning room.

Q. Before the alcohol was put in the tins, and after it was taken out of the barrels, was anything done to the alcohol?—A. The only thing I seen done to the alcohol was filtered water put into it; That is the only thing I seen.

Q. You helped to put the alcohol from the barrels into the tins?—A. Yes, sir.

Q. Would you mind just telling me how that was done; was it poured right out of the barrel into the tin?—A. No, it went from the barrel into a copper can, which led to the measures, and they fill that up with a pump, into the can.

Q. That copper can is a big vat?—A. Yes, sir.

Q. That would be the vat into which they would put other drugs and stuff to mix with the alcohol?—A. If they did; I don't know what they did.

Q. Did they do that?—A. No, sir, I never seen them putting anything in it except filtered water.

Q. I realize this witness is not an expert. You were there all the time this was going on?—A. From the time they took me from the coal, from shovelling coal, until the stuff was done. I was there most of the time.

Q. You were rather indefinite to Mr. Calder about working at nights. I want you to pause a minute and think; then tell me; around December, January, February, or any time since, around the times I have mentioned, did you work at nights? When I say "at nights", I mean from six to nine or ten o'clock?—A. I never worked that late. The only hours we worked was if there was a truck to load it might be an hour or two hours.

Q. That is just staying a little after hours?—A. Yes, sir.

Q. Did you work on Sundays?—A. Yes, sir.

Q. Did Mr. Lally work on Sundays?—A. I did not see Mr. Lally on Sunday when I worked on Sunday.

Q. When you worked on Sunday, what were you doing?—A. I was on the truck with another man, hauling liquor from the storage shed into the bottling room.

Q. Where was the storage shed?—A. Right opposite the plant.

Q. Was that a locked up bond, or just an open shed?—A. I was locked up after the liquor went in.

Q. It was an open shed. Who would lock it on Sundays?—A. On Sundays it was Mr. Dunning who would lock it after they quit working.

By Mr. Dillon:

Q. Mr. Dobson, can you tell the Committee how many Sundays you worked?—A. I only worked, I think, one Sunday; that is the only Sunday I worked at that work.

By Hon. Mr. Stevens:

Q. You say, "at that work"; did you work at any other work on any other Sunday?—A. No, sir.

Q. How many barrels of stuff did you truck over?—A. During the hours from nine till eleven, there would be somewhere around two hundred cases; it might be a little more or less.

Q. I thought you said they were barrels?—A. No, sir, they were cases. We had taken them back to the bottling room to filter, as it seemed to be a little cloudy, as far as I understood, and they were filtering it over again.

The CHAIRMAN: You are discharged.

Mr. BELL: Mr. Chairman, would not it be well to have the witness retire instead of being discharged, in case we should want to call him back after the other witnesses have been heard.

Witness retired.

Mr. CALDER, K.C.: Mr. Dillon, do you intend to call Mr. Paquette?

Mr. DILLON: Yes.

Mr. CALDER, K.C.: Would you mind retiring, Mr. Paquette.

The CHAIRMAN: Mr. Paquette can retire to the smoking room.

FRANK GRAHAM, called and sworn.

By Mr. Calder, K.C.:

Q. What is your occupation, what do you do for a living?—A. I work at the distillery.

Q. What particular work do you do there?—A. I do everything.

Q. Among other things, do you load cars?—A. Yes, sir.

Q. Or help to load cars?—A. Yes sir.

Q. Did you help to shift liquor from barrels into tins, and place the tins in boxes?—A. No, sir.

Q. You never do that?—A. No, sir.

Q. Are you an outside or inside man at the plant?—A. I work wherever they want me.

Q. Do they never want you to draw liquor from barrels into tins?—A. No, sir.

Q. Never, upon any occasion?—A. No sir.

Q. Who does that work?—A. I can't tell you.

Q. You can't tell me who does any kind of work at the plant?—A. I can tell you some, but not those.

Q. You don't know who does the drawing of the liquor from the kegs?—A. No, sir.

Q. Did you ever go into the plant while they were drawing liquor from kegs?—A. No, sir.

Mr. BELL: Did he say how long he had been there?

By Mr. Calder, K.C.:

Q. How long have you been there?—A. Off and on for six months.

Q. Did you ever go in the bond?—A. Yes, sir.

Q. During the daytime?—A. Yes sir.

Q. And you never saw any liquor being drawn?—A. Not out of barrels.

Q. Out of drums?—A. No, sir, tanks.

Q. Who was doing the drawing of liquor out of the tanks?—A. I, and a few more.

Q. So when you said "No" so confidently, it was just because I used the word "barrels", is that it?—A. No, sir. I didn't draw any out of barrels.

Q. I know you didn't; but when you said you had nothing to do with drawing liquor out of barrels, you hugged tight to the word "barrels". Now, please be a little more open in your testimony than that. Who was working at the drawing of liquor from the tanks?—A. Me and Mr. Dobson.

Q. Anybody else? Did you see any mixing done in the tanks?—A. No, sir.

Q. Did you see any distilled water put into them?—A. Yes.

Q. Anything else?—A. No, sir.

Q. As far as you know, of course. Was there any special marking on these tins?—A. No, sir.

Q. Were they marked "Poison"?—A. I can't say; I didn't see it.

Q. I am talking about cans, not tanks?—A. No, sir.

Q. No marking at all on the cans or tins?—A. No, sir.

Q. No label "Poison"?—A. No.

Q. Did you ever see anybody take a swig out of the vat?—A. No, sir.

By the Chairman:

Q. How old are you boy?—A. Nineteen.

By Mr. Calder, K.C.:

Q. Did you ever see any tins loaded in the cars and afterwards covered with sawdust or other things?—A. No, sir.

Q. Never on any occasion?—A. No.

Q. No hay?—A. No, sir.

Q. Did you load a car on the 22nd of May, G.T.R. car, a week ago last Saturday?—A. No.

Q. Were you off duty that day?—A. No, sir.

Q. Are you prepared to state there was not a Grand Trunk car loaded on the siding that day?—A. There may have been; I have been at the one job for the last few weeks.

Q. What was that one job?—A. I was working at the yeast room.

Q. Did you come down to Ottawa with Mr. Harbert?—A. Yes, sir.

Q. You have been with him pretty continuously ever since, haven't you?—A. I was out most of the evening.

Q. Most of the evening last night, and most of the morning this morning?—A. Yes, sir.

You were continuously with him until you came to the Committee room here?—A. Yes, sir.

Q. When did Mr. Harbert first speak to you about your summons?—A. Last night, about half-past five.

Q. You received the summons before that?—A. No, sir.

Q. Who handed to you the summons?—A. Mr. Bulger at the office.

Q. Mr. Harbert saw you at five o'clock?—A. Yes sir.

Q. He came to you specially?—A. No sir, we went up to the office, and when we were ready to leave, he came and took us up to the station.

Q. In a taxi?—A. No sir, with his own car; company's car.

Q. He called for you, and called for Dobson?—A. Yes sir.

Q. And took you down to the station?—A. Yes sir.

Q. And he has not left you by a hairsbreadth since?—A. No sir.

Q. Did he talk to you about the case?—A. Some.

Q. He told you what he had himself said in his testimony, didn't he?—A. No sir.

Q. He told you what other witnesses had said?—A. No sir.

Q. What?—A. No sir.

Q. He didn't tell you what he had said here?—A. No sir.

Q. He talked about the case some. Tell us that some, of the talk?—A. I can't explain it to you.

Q. Come, you are an intelligent boy, and no doubt remember very accurately what Harbert said. Go on, please.—A. He just told me what it was like, and all that.

Q. What it was like?—A. Yes sir.

Q. What was it like?—A. I mean about in here; I never was in one before.

Q. That is not all he said, is it?—A. No, it is not.

Q. Did he not talk to you about your testimony?—A. Some.

Q. All right, tell us.—A. He didn't tell me anything. I told him what I was going to say.

Q. Why would you do that, when you did not know what I was going to ask you?—A. I told him I was going to answer your questions.

Q. That is what you told him about your testimony?—A. Yes.

Q. You told him you were going to answer my questions?—A. Yes, sir.

Q. That was not very illuminating. Did you discuss tanking?—A. What do you mean?

Q. Did you talk about the way the liquor was drawn off the tanks and water mixed in with it?—A. No, sir.

Q. Mr. Harbert did not tell it to you?—A. No, sir.

Q. He told you the plant might close down, and you might lose your job?—A. No, sir.

Q. What else did he tell you?—A. He didn't talk with me very much, only this time.

Q. From five o'clock last night; three hours in the train; all the time from getting up, from breakfast until the present time, Mr. Harbert talked to you, didn't he?—A. Yes.

Q. I put it to you, that he told you that your job depended upon your testimony. You are under oath. Didn't he tell you your job depended upon your testimony?—A. No, sir.

Q. I do not mean he would fire you, but the plant might be closed down?—A. No, sir, he didn't tell me anything about it.

Q. He did not threaten to fire you if you did not come through with certain information?—A. No, sir.

Q. Did he tell you what business he had up here?—A. No, sir.

Q. Did he have any business up here?—A. He said he didn't know.

Q. He had received no summons?—A. I can't tell you.

By Mr. Bell:

Q. You told Mr. Harbert what you were going to say here, as you just told Mr. Calder; you told him that, didn't you?—A. What?

Q. You told Mr. Harbert what you were going to tell the Committee; you told Mr. Calder that?—A. I said I would answer what he asked me.

Q. You told him what you were going to tell the Committee; according to what you said to Mr. Calder; you told him that, didn't you?—A. No, sir.

Q. You just said you did?—A. No, I said I would answer the questions.

Q. Mr. Calder has asked you a number of questions, which you have answered. What else did you tell this gentleman, Mr. Harbert, whom you were

with, that you were going to tell the Committee, besides what you have answered to Mr. Calder?—A. I didn't tell him anything I was going to tell.

Q. The way I understood it was, you told Mr. Harbert that if you were questioned, you were going to answer the questions?—A. Yes, sir.

Q. You now tell us, outside of having made that statement, you told him nothing else?—A. No, sir.

Q. During all that time? I would hate to make that statement, if I were in your place.

By Hon. Mr. Stevens:

Q. What did you do, did you sit like a lot of Quakers?—A. No, sir, we were talking all the way up.

By Mr. Calder, K.C:

Q. About the plant?—A. No, sir, not always.

By the Chairman:

Q. Is this the first time you have come to Ottawa?—A. Yes, sir.

Q. And you saw beautiful scenery, coming up?—A. Pretty nice, yes.

By Mr. St. Pere:

Q. Did Harbert tell you not to tell the truth?—A. No, sir.

Mr. CALDER, K.C.: They never do it as crudely as that.

By Mr. Calder, K.C:

Q. There is a further question which arises, owing to your being so careful about the word "barrels". Did he say anything to Mr. Dobson, in your presence, about his testimony?—A. No, sir. Who do you mean, Mr. Harbert?

Q. Yes.—A. No, not that I know of.

Q. He did not discuss with Dobson at all as to his testimony?—A. No, sir.

Q. Well, why did he discuss it with you?—A. I can't say whether he was talking to Dobson, or not; I was not with him all the time.

Q. I am asking about when you were with him.—A. I never heard him say anything about it.

Q. You never heard Dobson, or Harbert, talking about Dobson's testimony? —A. No, sir.

Q. Well, why should Harbert discuss your testimony, and not Dobson's?— A. How do you mean?

Q. How do I mean? It is plain English. How did Harbert come to discuss your testimony and leave Dobson's testimony undiscussed?

Mr. DILLON: I think it is pretty metaphysical.

Mr. CALDER, K.C.: No, Mr. Dillon, that is much too long a word to use for so simple a thing.

By Mr. Calder, K.C.:

Q. Never mind about the metaphysical. He discussed your testimony with you, didn't he?—A. Just asked what I told you, though.

Q. Yes, yes. Now, why did he ask you that and not speak to Dobson about his testimony?—A. I could not read his mind.

Q. You are not asked to read his mind.—A. Well, I can't say.

By Mr. Bell:

Q. Before the witness goes, I should just like to know why he said to Mr. Harbert that he intended to answer Mr. Calder's questions; that has not been explained, and I should like to hear what he has to say about it. Why did you say that?—A. What was I going to do?

Q. I am asking you. How did it come about that you told Mr. Harbert, "If I am asked questions, I am going to answer them"?—A. Well I just told him.

Q. Why? In response to what? (No answer).

By Mr. Calder, K.C.:

Q. Did he ask you what you were going to say?—A. No, sir.

By Mr. Bell:

Q. Without any request, or suggestion, on his part, you gave him the interesting information that you would come up here and answer anything. Mr. Calder asked you?—A. He just asked where I was going, and I told him.

By Hon. Mr. Stevens:

Q. Do not try to pull that stuff. He went to the plant, picked you up, and took you to the station.—A. He didn't pick me up at the plant.

By Mr. Calder, K.C.:

Q. He picked you up at your home?—A. Yes.

By Hon. Mr. Stevens:

Q. He picked you up at your home, and nurtered and cared for you?—A. He came with their manager.

By Mr. Doucet:

Q. Did he know you were going to Quebec or to Toronto?—A. No, I don't suppose he did.

Q. Did he know you were coming to Ottawa?—A. After I told him I was coming.

Q. After you told him?—A. Yes.

Q. Where were you when you told him that?—A. I was at the office when I read my telegram, and it was after that I told him.

Q. It was after you told him, that he came around in his car, and picked you up and took you to the station?—A. Sure.

Q. So he knew you were coming to Ottawa to give evidence before this Committee. Did Mr. Harbert know you were coming to Ottawa to give evidence before this Committee?—A. I don't know whether he did or not.

Q. You told him you were coming to Ottawa?—A. Sure I told him I was coming to Ottawa.

Q. Did you tell him you were coming here to see the scenery?—A. I don't think I told him that.

Q. What did you tell him? That you were coming to Ottawa?—A. Sure.

Q. For what purpose?—A. I didn't tell him any purpose.

By Mr. Calder, K.C.:

Q. Did you show him the telegram?—A. Yes, sir.

Q. Did you ask permission to come up here?—A. Yes, sir.

The CHAIRMAN: I think we are having a great race with a nineteen year old boy.

Mr. BELL: It is fortunate he is not in court.

By Hon. Mr. Stevens:

Q. Mr. Bulger gave you your telegram, in the office?—A. Yes.

Q. It was sent to their care. Was the telegram open when you got it?—A. No, sir.

Q. Was Mr. Harbert there when you got it?—A. Not in the same office.
Q. You said he was in the office?—A. He was in the office; there are two or three places.
Q. You said you told him then that you were coming to Ottawa?—A. Yes.

By Mr. Doucet:

Q. Were you coming on a holiday?—A. I didn't tell him I was coming on a holiday.

By Hon. Mr. Stevens:

Q. Who reserved your rooms here at the hotel?—A. I can't say.

By Mr. Donaghy:

Q. Were you put in a room where there were ten or twelve beds?—A. No.
Q. The other witness indicated that you were in a room where there were several beds. How many were in it?—A. Three or four beds.

By Mr. Doucet:

Q. How many were in the room?—A. Three of us.
Q. Who were they?—A. Dobson, Mr. Harbert and I.
Q. You were in the same room?—A. Yes.
Q. And that room had been reserved beforehand?—A. I don't know.
Q. It was Mr. Harbert who took you to that room?—A. Yes.

By Hon. Mr. Stevens:

Q. Mr. Harbert never left you since you left Montreal?—A. Yes, he has. I don't know whether he left me or not. He was out.

The CHAIRMAN: You are discharged. Do you know what that means?

The WITNESS: Go home, I suppose.

Witness discharged.

Mr. BELL: Mr. Calder, that is another instance of not being able to resort to the proper machinery.

Mr. CALDER, K.C.: Undoubtedly it is; somebody would be committed.

Mr. BELL: In a court, that would have happened in three minutes.

GEORGE HARBERT recalled and resworn.

By Mr. Calder, K.C.:

Q. Mr. Harbert, did you receive a summons to be here to-day?—A. No, sir.
Q. From nobody?—A. No, sir.
Q. Why are you here?—A. The reason I am here to-day is because yesterday afternoon, I had a long distance call from Ottawa, and they could not locate me. When I arrived home last night to supper, my wife also told me that someone tried to get me on the long distance telephone from Ottawa.
Q. Who was that?—A. I found out since it was Mr. Stewart. When I attempted to get in touch with the company, I was unable to, so I thought I would take the train.
Q. When did you make that resolve to take the train?—A. About six o'clock; between five and six.
Q. Before that happened, did you know that Dobson and Graham were summoned as witnesses?—A. Perhaps an hour before.
Q. You called to get them in your car?—A. Yes.
Q. Did you purchase their transportation?—A. Yes.

Q. You arranged for their rooms?—A. Yes sir.

Q. You arranged to have the same room as they had?—A. No sir.

Q. You did have the same room as they had?—A. I did occupy the same room.

Q. You had breakfast with them?—A. I had breakfast with them.

Q. And you remained close by them until they were called?—A. No.

Q. You remained almost continuously with them?—A. No.

Q. When did you leave them?—A. I left them as soon as I arrived last night, or a very few minutes after, and I did not see them again until I retired about half past one this morning.

Q. What time did you arrive?—A. At ten forty, day-light saving time.

Q. Did you discuss the case with them at all?—A. Well, no.

Q. What?—A. I said no.

Q. Did they discuss it with you?—A. No.

Q. Did they mention anything about their testimony?—A. No.

Q. Neither of them?—A. No.

Q. Not even to the extent of telling you that they would tell the truth?—A. They said they would tell the truth, yes.

Q. Why should they say that? It is expected of every witness that he shall tell the truth. Why did they volunteer that information?—A. Well, I think that there was some remark passed about you.

Q. Not complimentary?—A. No, they just asked what Mr. Calder was like; I told them, "He is a man with two hands, and two arms—"

Q. Do not go on; I would not like to have any deficiencies pointed out.—A. I said you must not be scared of him any more than any other man.

Q. I hope you told them how gentle I am?—A. I said that if you hollered at them a little, not to be frightened.

Q. That is unfair, because you did more hollering than I did, when you were a witness.—A. Possibly you got me going.

Q. You did not discuss the case with them at all outside of that?—A. No sir.

By Mr. St. Père:

Q. You never tried to influence them in any way?—A. No sir.

Hon. Mr. STEVENS: No, certainly not.

The CHAIRMAN: Positively.

Witness retired.

JOHN MCCARTHY called and sworn.

By Mr. Calder, K.C.:

Q. Mr. McCarthy, were you at any time a checker in the bond at the Customs house?—A. No sir, not in the bond, it was in the Examining Warehouse.

Q. You were a checker for the examining warehouse?—A. Yes, checking out the goods for the bonded carters, city delivery, the eastern division.

Q. Who was your chief?—A. Mr. Goyette. Before that, Mr. DuCondu was the boss.

Q. And Goyette afterwards?—A. And Mr. Goyette afterwards.

Q. Do you know of any liquor being taken out of the bond, without the Excise being paid, and sent out by the carter?—A. Well, I do not know anything of that. What sort of liquor do you mean; do you mean in barrels, or what?

Q. Any kind of liquor going out as it should not have gone?—A. The only liquor I know of was when I was there after I had been removed; they put me out of being checker for the city and made me a checker for the

Dominion Express Company, and the Canadian Express Company at the other end, because I stopped stolen goods going out, and they moved me out of that job.

Q. Because you stopped smuggled goods going out, they put you out of the job of checking goods at the examining warehouse, and put you checking at the Canadian Express Company?—A. Yes.

Q. Who changed you?—A. Mr. DuCondu.

Q. Was he your chief at the time?—A. He was the man there, and I had to do what he told me.

Q. He was the man who would give you orders. Tell us what you saw going on that led you to be shifted?—A. Well, to tell you the start of it, I was going home from the warehouse after twelve o'clock at night. I was on duty until twelve, and I walked up McGill Street to get a car to go home. On the South side of the warehouse, there was an automobile stalled there, and three men in it. I thought they were in there for shelter. It was a pretty bad night. They were right at the door where the goods are shipped out. That was between twelve and one o'clock. Finally, as I passed them, I heard a knock on the warehouse door. The automobile shot across, and the three men left the automobile and went in.

Q. Did you recognize them?—A. No, I did not. I went across to the Hudson Bay steps, there were no lights, and in a short while, a light appeared in the dry goods department. I knew there was something up at that hour of the night, and I went over and took the number of the automobile, and went down to the end of the warehouse, and in a very short while, four men came out—three went in and four came out.

Q. Did you recognize the four men?—A. Yes, I did, to the best of my belief.

Q. Was Mr. Goyette there?—A. Yes.

Q. The Customs officer?—A. Yes, the foreman. Finally they had the stuff coming out; I could not swear what door they had come out, but the goods were coming out. They went away, and I did not go near them, I took care of that.

Q. Did you report that matter to anybody?—A. Next morning, Mr. Goyette came into the office. I was shipping around the city then, and I said to him, "You were showing your friends around late last night?" He said, "No, why?" I said, "There were three men when I was coming from the wharf, in an automobile; they stopped at the door, and the three went in, I recognized four or five walking in the dry goods department, on the third floor, and I was sure you were with them coming out." He said, "No, I was not with them." I said, "All right, you will hear of some robbery to-day." I did not see him again that day.

Q. Did you report that?—A. No. There was no night watchman that night. There were three bales of cloth taken out of Martin's shipment that belonged to them.

Q. Was that fact complained of? Was there a report made upon that theft?—A. Sure.

Q. Were you called in?—A. No. The watchman could give no account of anybody being there that night, so finally he was put watching that night.

Q. Who was?—A. Goyette, watching instead of the watchman. Two more bales went.

Q. Was that theft reported?—A. Yes. That was well known. Finally he came to me next morning, and said to me, "Mr. McLaughlin wants to know if you could identify the men you saw coming out of the warehouse the other morning." He came to me the next morning after watching that night, and said, "I was watching last night, two more bales disappeared, they must have jumped through the windows."

By Hon. Mr. Stevens:

Q. Who said that—A. Mr. Goyette. He said Mr. McLaughlin sent him out to see if I could identify the men coming out of the warehouse the morning before, between twelve and one o'clock. I said, "No, I could not.

By Mr. Calder, K.C.:

Q. Did you tell him you had the car number, at that time?—A. Yes. I said to him, "Tell Mr. McLaughlin I have the automobile number, if he wants to hunt me up." That was the last I heard of it. Finally on the Monday morning, a carter by the name of Cardieux, who used to come there for goods for outside the limits, came down with two bales of cloth in a truck.

Q. Did he hand them back?—A. I said, "what have you got?" He said, "Two rolls of cloth." I said, "who are they for?" He said, "I do not know anything about it." I said, "where is the delivery receipt?" He said, "I have none." There was no carter number, no address, and no clearance upon those rolls.

Q. Where did you get them?—A. I got them from Mr. Dupuis, out of the field. There was a clerk that was in the office, but Mr. Dupuis had not been in the building at that time. That was about ten minutes, or fifteen minutes past seven, on a Monday morning. Mr. Dupuis did not come in until nine o'clock. The field is a place where we put the outside limits, or goods that are not addressed properly, until we get the proper address, if the broker does not put on the right address. I would not let him in, I took him into my office. Mr. Goyette came down and said, "What is the matter, John?" I said, "What are these goods, who gave them to you?" He said, "Mr. Dupuis." But Mr. Dupuis was not in the building. I said, "I have strict orders from you and Mr. DuCondu and Mr. McLaughlin" and Mr. Goyette came down to me and said, "John, give me these goods." I said, "No, I won't. Who are they for?" He said he did not know. I said, "You do not know, and you let them take them away out of the field, and even if he had a delivery sheet, it should be stamped by you and Mr. DuCondu before I check it out, in order that there should be no charge on them." I said, "There was no address, no entry number, no name to them, that I knew who they were for. I checked out the two loads, and when I had the two loads checked out, signed the tickets, and got the foreman to sign the tickets, I took them into the office, that is, my tickets, and while I was in there Mr. Goyette and the carter—I thought they had gone,—came and took the two rolls of cloth out of the office, and made away with them. Finally, I said to Mr. South, and Mr. Kenneth Sutherland—Mr. South was foreman for Donnelly, and Sutherland was his brother-in-law; I said, "where are these two bales of cloth, Mr. Goyette and the carter took; they took a roll each away with them?" I said they took them out of the door, and the carter went away with them while I was inside, in the office. Finally I went to see if I could find them, but could not find anything. Mr. DuCondu was not in at nine o'clock, as he usually was, so I went in to Mr. McLaughlin, and told Mr. McLaughlin what occurred, and Mr. McLaughlin answered me and said he had nothing to do with the warehouse, that it was up to Mr. Dupuis to look after it, that he was not responsible. I said, "all right, I will not be responsible." Finally, Mr. DuCondu the warehouse keeper came in, and I told him what occurred, but he never answered me and never recognized me.

By the Chairman:

Q. Is DuCondu there now?—A. No, sir.

Q. Where is he?—A. He was dismissed two years ago.

Q. For what?—A. For little irregularities he committed in the warehouse. I went back to my job, and in two weeks after that, Mr. DuCondu put me out

of my job, removed me from my job; I lost my $13 a month overtime, lost my classification, and $240 a year more. I lost $400 a year by the transaction, for stopping stolen goods from being removed out of my warehouse.

By Mr. Calder, K.C:

Q. What I wanted to ask you about more particularly, Mr. McCarthy, was about the time the box that was going out of the bond, broke and started to leak, and revealed the fact that liquor was being shipped out?—A. The High Wines?

Q. Yes?—A. That was what they thought was olive oil.

Q. Is that it?—A. Yes. You have had that. That was a trucker, who was trucking it out.

By the Chairman:

Q. Are you still in the employ of the Customs in Montreal?—A. Yes, sir.

Q. In what department?—A. In the fancy department.

Q. What do you mean by that?—A. We have a dry goods department, we have a hardware department, a grocery department, and a fancy department. The fancy department is made up of drugs and foreign goods. We call it the fancy department.

By Hon. Mr. Stevens:

Q. When you were in that warehouse, Mr. McCarthy, in the same warehouse as Goyette, and DuCondu, during the period you were in that warehouse where DuCondu, your boss was, did you know of any instances of liquor being taken out of bond, without the proper release papers being given?—A. Well, I will tell you, Mr. Stevens; when I was checking out for the Dominion Express Company, and the Canadian Express Company, I was at the north side of the building, where the goods came in, and that was where the Dominion Express Company was. I used to put all the tickets on the goods going upstairs, besides, and I had to close the doors at night until the watchman came around to put the lock on. Mr. Goyette came to me and said, "John, leave the door open, I want to get out some wood." It was put in cases, or crates. I said, "All right," I did not know, so I waited. Bozeau, the carter who was taking it away, came up with a cart, but he let it drop into his wagon, something bursted that smelled very good.

By Mr. Bell:

Q. It was not Irish, was it?—A. Scotch, Three Swallows. Finally, Mr. Goyette came and said that he had been cutting wood for a week in the basement, where this liquor was stored. Finally, he took out three crates of it. In a week there were forty-three or forty-five cases of liquor, to the best of my belief, taken out of the bond, downstairs.

By Hon. Mr. Stevens:

Q. During that week, Goyette had taken out, in some crates, some stuff that you did not recognize, but suspected that it was liquor?—A. Yes, sir.

Q. Was it after hours?—A. After five o'clock.

Q. It was after five o'clock?—A. About five o'clock, maybe a few minutes after.

Q. Were those things brought up from the basement where the liquors were stored?—A. Yes.

Q. The liquors in the basement would be of what kinds?—A. Sealed liquors.

Q. Were they seized liquors, seized goods?—A. No. I think it was in bond, not seized. To the best of my belief, I think it was there in bond.

Q. The week following the removal of those crates by Goyette, it was discovered that there was a shortage in this liquor in the basement?—A. Yes.

Q. That is the fact, is it not?—A. He reported the shortage to Mr. McLaughlin.

Q. What did Mr. McLaughlin say?—A. He looked around to see if he could find any clue of who took it. Finally he went down to the boiler room, and found two empty bottles and a case behind the boilers. Mr. Goyette did, and he took them to Mr. McLaughlin.

Q. Did you tell Mr. McLaughlin about those removals after hours?—A. I told him nothing.

Q. Why not?—A. For the simple reason that before, when I told him of the stolen goods, he let Mr. DuCondu put me out of my job. If I saw the warehouse itself going out, I would not report it to Mr. DuCondu or Mr. McLaughlin.

Q. I do not blame you; there are mitigating circumstances, I will admit? —A. Finally, Mr. McLaughlin went down to the fireman, and one of the firemen had given an entry for it. I said, "If you get into any trouble, I think I can prove that they went out in cases of wood, last week." I said, "If you get into any trouble, I think I will prove that the thing went out packed up in cases of wood," and that was all there was about it.

By the Chairman:

Q. When were you appointed to the service?—A. In 1913.

Q. In what capacity?—A. Oh, I went in there—just—I don't know in what capacity, but I was loading and unloading goods and after four years I got to be checking out. I checked out for the Eastern Division for a couple of years, and for the Canadian and Dominion Express for a couple of more years, and then I asked for a removal out of that ground floor, upstairs, and I got it. But that is where my $400.00 a year went, and my change in jobs, and I don't think it is justice that I should suffer for it.

The CHAIRMAN: That is all.

PAUL LACROIX sworn.

By Mr. Stevens:

Q. Mr. LaCroix can you understand the questions in English?—A. I prefer it in French.

Mr. BELL: Witness, Mr. Stevens was not suggesting that you should answer in English, but merely if you can understand what you are asked in English, and you may answer in French.

Mr. BEAUCHAMP (Official Interpreter): The witness says he would prefer having the question put in French sir.

Mr. CALDER, K.C.: The testimony of this witness will be very short, Mr. Chairman.

The CHAIRMAN: Very well, proceed.

By Mr. Calder, K.C.:

(Examination conducted in French and interpreted by Mr. Beauchamp.)

Q. Were you employed at any time by the firm of J. Belisle?—A. Yes.

Q. Who hired you? Was it Mr. Brien?—A. Yes.

Q. Did you see Mr. Bisaillon there also?—A. Yes, I did.

Q. Did Mr. Bisaillon come there every day?—A. Yes sir.

Q. Did he go very often?—A. He went there regularly every day.

Q. Did he stay there, did he remain there?—A. Absolutely sir.

Q. He remained there?—A. Yes sir.

Q. In the office?—A. Yes, in the office.

Q. Did you every transport liquor in commerical quantities to Mr. Bisaillon's farm?—A. To my knowledge, yes, I did so twice.

Q. What was the quantity in the load?—A. The quantity varied between 40 and 30 and 50 cases.

Q. You unloaded these case at the farm?—A. Yes sir.

Q. Do you know whether those liquors went further than that?—A. I do not know.

Q. Did Mr. Bisaillon tell you whether or not those liquors were to go to the United States?—A. No sir.

Q. Once the liquors reached that point you did not do anything further with the load?—A. No.

Q. Did you store liquors at any time in your name for Brien and Bisaillon? —A. No sir, I did not store liquors in my name, but they stored liquors in my name without my permission.

Q. Where did they store those liquors? Was it at the Ottawa Transportation?—A. Yes sir, at the Ottawa Transportation.

Q. Who had leased those premises?—A. I do not know.

Q. When did you learn that this had taken place?—A. I heard of it on the day they were seized.

Q. Were you placed under arrest?—A. No sir.

Q. Did the Quebec Liquor Commission not take action against you?—A. Yes sir.

Q. And that was when you learned that you were held responsible for that cargo?—A. Not at all, Mr. Brien came to the garage in the morning. He told me that, and he told me that I was to leave the city for eight days, pending a settlement of the business, or while the thing was settled in Montreal.

Q. He suggested to you to leave Montreal for a period of eight days while things were being settled in Montreal?—A. Yes sir.

Q. Did you leave Montreal?—A. Yes sir.

Q. At your own expense?—A. At my own expense, yes. That is to say Brien gave me $300 and I endorsed a note which I was not to pay.

Q. You endorsed two notes?—A. I endorsed two notes, which I was not to pay him. These were simply to be returned to him I suppose by his associates, his partners.

Q. He gave you $300 and he covered that amount in his accounts with two notes, which you were to endorse, but which you were not to pay?—A. No sir.

Mr. BELL: Can we have here, Mr. Calder, the quantity that was stored and the time?

By Mr. Calder, K.C.:

Q. What quantity of liquor was stored in your name?—A. I could not state exactly but I know there was a very large quantity stored.

Mr. CALDER, K.C.: I am instructed that the amount was $11,000 worth.

Mr. BELL: Can we have the month and the year?

Mr. CALDER, K.C.: The charge laid against Ludger Brien on account of the shiment was withdrawn on the 25th July, 1921. I believe the shipment was described as:

> " 145 barrels electric supplies.
>
> Perhaps that accounts for the shock. 55 cases electric supplies left at Mr. Hanson's shed on the 21st April, 1921."

Hanson's shed, that is the Ottawa Transportation Company.

Mr. BELL: That was long after the Belisle Company was said to have gone out of business.

Mr. CALDER, K.C.: They went out of business in April. That was stuff that was disguised at the time the law gave the Quebec Liquor Commission the right to impound it.

By Mr. Calder, K.C.:

Q. You endorsed only one note Mr. LaCroix?—A. Yes sir, only one note.

Mr. CALDER, K.C.: That is all.

Witness retired.

Mr. CALDER, K.C.: Speaking of the notes, he endorsed only one and not two.

PAUL LACROIX est appelé et assermenté.

Q. (Interprétation) Comprendriez-vous les questions en anglais?—R. Je préférerais tout en français.

M. Calder, C.R.:

Q. Avez-vous été en aucun temps employé par la firme J. E. Bélisle?—R. Oui, monsieur.

Q. Qui vous a engagé? M. Bélisle?—R. M. Brien.

Q. Avez-vous vu M. Bisaillon là, aussi?—R. Oui, monsieur.

Q. M. Bisaillon y allait-il tous les jours?—R. Oui, monsieur.

Q. Souvent?—R. Régulièrement, tous les jours.

Q. Est-ce qu'il s'y tenait?—R. Absolument, monsieur.

Q. Il s'y tenait?—R. Oui, monsieur.

Q. Il restait là?—R. Oui, monsieur.

Q. Dans les bureaux?—R. Dans les bureaux.

Q. Avez-vous déjà transporté des boissons en quantité marchande à la ferme de M. Bisaillon?—R. A ma connaissance, deux fois, monsieur.

Q. Quelle grandeur de charge?—R. Variant de 30 à 50 caisses.

Q. Vous les avez déchargées à la ferme?—R. Oui, monsieur.

Q. Savez-vous si ces boissons se sont rendues plus loin?—R. Je ne sais pas, monsieur.

Q. M. Bisaillon vous a-t-il dit si c'était, oui ou non, pour être envoyé aux Etats-Unis?—R. Non, monsieur.

Q. Une fois rendues là-bas, vous ne vous êtes plus occupé du chargement? —R. Non, monsieur.

Q. Avez-vous emmagasiné en votre nom, en aucun temps, des boissons appartenant à Brien et Bisaillon?—R. Non, monsieur, je n'ai pas emmagasiné en mon nom; ils ont emmagasiné en mon nom, sans mon autorisation.

Q. Où ont-ils emmagasiné ces liqueurs-là? A la Ottawa Transportation? —R. A la Ottawa Transportation.

Q. Qui avait loué cet endroit-là?—R. Je ne sais pas.

Q. Quand avez-vous appris qu'une saisie avait été faite?—R. La journée qu'ils ont été saisis.

Q. Avez-vous été arrêté, vous?—R. Non, monsieur.

Q. Est-ce qu'il n'y a pas eu une cause prise contre vous par la Commission des liqueurs?—R. Oui, monsieur.

Q. Est-ce là que vous avez appris qu'on vous tenait responsable de cette cargaison-là?—R. Du tout; M. Brien est venu au garage, le matin qu'il m'a dit cela, et il m'a dit que je devais partir de la ville pour 8 jours, en attendant que les choses s'arrangent à Montréal.

Q. Il vous a proposé de vous en aller pour huit jours pendant que les choses s'arrangeraient à Montréal?—R. Oui.

Q. Etes-vous parti?—R. Oui, monsieur.

Q. A vos frais?—R. A mes frais, oui. C'est-à-dire que M. Brien m'a donné $300 et j'ai endossé un billet que je ne devais pas payer.

Q. Vous avez endossé deux billets?—R. J'ai endossé un billet que je ne devais pas lui payer; c'était seulement pour lui être remis, à lui, je ne sais pas par qui,—peut-être par ses associés.

Q. Il vous a donné $300 et il a couvert cela dans ses comptes par deux billets que vous deviez endosser mais que vous ne deviez pas lui payer?—R. Non, monsieur.

Q. Quelle quantité y avait-il en "storage", à ce moment-là, à votre nom? —R. Je ne pourrais pas vous dire au juste, monsieur; mais je sais que c'était une quantité très forte.

Q. Vous avez endossé seulement un billet de $300?—R. Oui, monsieur.

Le témoin est congédié.

I wish to contrast this with an affidavit which was filed at the time the matter was investigated by the Customs Department. Mr. Busby made a report which appears in a special file marked "Inspections," emanating from the Chief Inspector of Customs and Excise, E. S. Busby, relating to the whole incident of seizure. He produces, attached to his report the affidavit of Mr. Brien, and on page 3 of it we have the following:

> "I had no knowledge of the ownership or existence of the seized shipment, and have had no connection therewith at any time."

That is the original affidavit signed by Mr. Brien taken before Mr. R. H. Bernard, assistant Inspector of Customs.

There is also the affidavit of Mr. Bisaillon which says, among other things —and this is interesting as made by this witness—on page 1:

> "The work of the office is such that the attendance of an officer is always necessary, and I am always on duty, and I never leave the office for any cause at all without notifying Mr. Giroux or Mr. Killoran, his assistant."

He also says at page 2:

> "I have never been directly engaged in the liquor business, although in 1919 I invested several thousand dollars in a liquor vendor's store. I withdrew from the firm in March of this year, but a settlement of the affairs of the concern has not yet been made. Outside of that I have no interest whatever in any liquor business, nor at any time have I been engaged in the sale of liquor."

Then on page 3:

> "I know nothing respecting any other officer at the Port being engaged either directly or otherwise in the liquor business.
>
> Signed J. E. Bisaillon, Customs Examiner, and declared before R. H. Bernard, Assistant Inspector of Customs."

The CHAIRMAN: What is the date of that?

Mr. CALDER, K.C.: The 27th day of July, 1921, and the same date for Brien's affidavit.

Mr. STEVENS: He was apparently well schooled in the art of prevarication.

The CHAIRMAN: The Committee will now adjourn until 3.30 this afternoon.

(At 1 o'clock the Committee adjourned till 3.30 on Wednesday, June 2, 1926.)

AFTERNOON SITTING

The Committee resumed at 3.30 p.m., the Chairman, Mr. Mercier, presiding.

The CHAIRMAN: Order. We have received the following communication from Messrs. Clarkson, Gordon and Dilworth, Auditors:

"PAUL MERCIER, M.P.,
Chairman,
Special Committee Investigating the
Administration of the Department
of Customs and Excise.

DEAR SIR,—We enclose herewith 12 copies of our Eighth (8) interim report, a report dealing with the examination of the books and records of the Federal Distillery Limited, and Distillers Corporation Limited, both of Montreal. Nine copies of this report are for yourself, and the members of the committee, two for counsel of the committee, and one for Mr. Walter Todd, Secretary of the committee, for his official record.

Yours respectfully,
CLARKSON, GORDON & DILWORTH."

I understand, Colonel Thompson, that you have an application to make.

Mr. THOMPSON, K.C.: Yes, Mr. Chairman. If you will do so, I would like to have the report read—I understand it is not a lengthy one—as to my clients, the Federal Distillery Limited—

Mr. CALDER, K.C.: All right.

A. E. NASH recalled and resworn.

By Mr. Calder, K.C.:

Q. Mr. Nash, in pursuance of instructions from the committee, you have examined the books of the Federal Distillery Limited, and the Distillers Corporation Limited?—A. Yes sir, that is right.

Q. With a view to investigating what particular facts?—A. Facts pursuant to the inquiry of the Customs Department.

Q. You have produced a report which you term your eighth Interim Report?—A. Right.

Q. That contains the result of your investigation?—A. Of both companies.

Q. Was there any difficulty about getting the books or any of the vouchers of these two companies?—A. None whatever.

Mr. CALDER, K.C.: I will now read into the record the eighth interim report of Messrs. Clarkson, Gordon and Dilworth, Chartered Accountants, covering the Federal Distillery Limited, and the Distillers Corporation Limited. (Reads):

"OTTAWA, 1st June, 1926.

To the Chairman,
Special Committee,
Investigating the Administration of
The Department of Customs and Excise,
Ottawa.

SIR,—As auditors to your Committee, we have the honour to make our eighth interim report.

This report deals with our investigation of the books and accounts of the Federal Distillery Limited, and Distillers Corporation Limited, both of Montreal.

Federal Distillery Limited.

The Federal Distillery Limited was incorporated under the Dominion Companies Act on 7th August, 1924.

On 21st August, 1924, the company took over the assets of the Montreal Distillery Limited from P. Goulakos in consideration of fully paid up shares. The officers and directors at the present time are as follows:

President, Geo. M. Robb; Vice President, R. S. Cooke; Managing Director, J. A. Lamarre; Secretary-Treasurer, A. Pollock; Directors, J. H. Goulden and R. C. Bulman; Works Manager, G. Kalfas.

We have made a complete examination of the books and records produced to us by this company from its inception to 31st January, 1926. Our examination included not only the regular books of account but also those special books which under the Excise Act the Distillery is required to keep.

The Company did not start to manufacture alcohol of any kind until December, 1924, and up to the present time only non-potable alcohol has been produced. A certain amount of whiskey has, however been brought into the Distillery for blending purposes.

We checked all the Inland Revenue books and accounted for all the alcohol produced from raw materials brought into the Distillery. We found on checking the books that a shortage of 152 proof gallons had at one time occurred but that this had been discovered by the Excise Officers and excise tax on the shortage had been paid by the company as required by the Act.

We found that all Customs duty had been paid on whiskey brought into the Distillery for blending purposes.

The books disclose only one sale of whiskey on 25th September, 1925, amounting to $1,800. This was exported under Excise Permit No. 389504 to Ed. Smith, Boston, for shipment to Havana, duty paid. Sales tax was paid on the duty paid value.

The company sold 11,389 Standard gallons or 18,115.78 proof gallons of denatured spirits of which 9,609.4 Standard gallons were Grade No. 2 Pyridine and 1,779.6 No. 1 Benzine. These were all sold in Canada and all sales taxes payable were paid.

On one occasion the company acted as agent for the purchase of 116 cases of champagne from the Quebec Liquor Commission, the champagne being shipped on 15th February, 1926, to A. J. Klix, of Detroit, Mich., U.S.A.

All books and vouchers have now been returned to the company and we hold receipts signed by Mr. A. Pollock, Secretary-Treasurer, as having received them and an undertaking to return them to us on demand.

Distillers Corporation Limited

This company was incorporated on 12th August, 1925 as a private company under the Dominion Companies' Act.

The capital of the company is $1,000,000 divided into 10,000 shares of $100 each.

The first meeting of the Directors was held on 22nd January, 1926, at which the following were elected officers of the company:

President, Samuel Bronfman; Vice-President, Harry Bronfman; Sec.-Treasurer, Allan Bronfman.

There is no record of meetings of directors or shareholders being held since that date.

Up to the present time the qualifying shares only have been allotted. The officials of the company inform us that the allotment of shares and the opening of capital accounts is being deferred until the plant which is at present under construction has been completed. The company is at present being financed by the Brintean Investment Company Limited, which, we are informed by the company's officials is a holding company for the Bronfman interests in Canada. These are stated to include an interest in the United Distilleries of Vancouver, and in the Atlantic Import Company of Halifax, N.S."

By Mr. Calder, K.C.:

Q. Mr. Nash, going back to the Federal Distillery Limited, may I ask whether there was anything particular in the price of the denatured spirits?—A. No.

Q. What was the price?—A. Eighty-seven cents per gallon.

Mr. CALDER, K.C.: I will resume reading the report on the Distilleries Corporation, Limited. (Reads):

"We made no examination of the books of the above-named companies, but with the permission of the company's officers we examined the books of the Brintean Investment Company Limited and found no trace of any transactions in whiskey or other liquors.

Distilleries Corporation Limited did not start the manufacture of whiskey until March, 1925. The operating books of the company were opened to 1st March, 1925.

We have examined the books of account and vouchers for the period 1st March, 1925, to 31st March, 1926, including the Inland Revenue books.

Our examination has disclosed nothing of interest to the Committee beyond the fact that during the period 31st October, 1925 to 17th December, 1925, the company's records show that ten carloads of liquor were purchased from the Atlantic Import Company Limited, Halifax, and shipped to various consignees in Mexico City, Mexico, via Ford City, Fort Colborne, and LaSalle. These goods were all 'duty paid.' Sales taxes were paid on the duty paid value. Full particulars of these are shown on Schedule 'A' which we attach to our report.

Our examination of the freight records of the Canadian National Railway at Walkerville, Ont., and the export entries at that port, however, disclosed what appears to be certain further shipments made by this company. Schedule 'B' attached gives a list of these shipments which the officials of the company deny were made by them. They state that the name of the company was used without authority by someone in Montreal by the name of S. Nathanson.

Schedule 'C' attached gives a list of export entries for liquor shipped to Detroit, Mich., which the company's officials also deny were made by this company, it having only exported the ten car loads previously referred to and shown in Schedule 'A'.

The Inland Revenue books show a proper accounting of all malt and grain used in the manufacture of whiskey. The company has under authority of an order in council dated 14th September 1925 (Customs and Excise File 123715 of 22nd September 1925) been exempted from that portion of Subsection 4 of Section 171 of the Excise Act which provides that no spirits subject to excise which have not been warehoused for two years may be entered for consumption.

There has up to the present time, however, been only one shipment of whiskey from the distillery. This occurred on 8th January 1926 when

2020.4 proof gallons were consigned in bond to the United Distilleries Limited, Vancouver. The quantity of manufactured whiskey on hand at 31st March 1926 according to the company's records agrees with the Excise Officer's records and with the records of the Excise office in Montreal. The company has from time to time imported whiskey for blending purposes all of which is still in customs bond.

Respectfully submitted,

CLARKSON, GORDON & DILWORTH."

Q. Mr. Nash, can you tell me whether S. Nathanson was in the employ of the Company?—A. Not according to our information, no.

Q. The Distilleries Corporation, by its officials stated to you that certain shipments which appeared in the name of the Distillers Corporation at Ford City, Port Colborne and LaSalle were not theirs?—A. No. In the absence of the company's officials, it might be fair to amplify the statement they made to me here. They stated that such persons as those—I do not say Nathanson—but such people collected from the different dispensaries of the Quebec Liquor Commission in Montreal, liquor by the bottle; one bottle at a time, and then shipped in case lots, and the name of some distilleries used to give it the appearance of being a bona fide shipment. That is what I am told.

Q. These people could not obtain licenses from the Quebec Liquor Commission, after having purchased liquor in that fashion?—A. No. While it is done in this way, of course, the duty is paid; they buy it from the Quebec Liquor Commission.

By the Chairman:

Q. And they make a profit on the shipment?—A. They make a profit on the bottle, and ship it.

Mr. CALDER, K.C.: That is all.

Witness retired.

ANDREW T. THOMPSON, K.C.: Mr. Chairman, and gentlemen of the Committee, I represent here the Federal Distilleries Limited. I do not propose to occupy very much of your time, but under date of March 4th the Secretary of your Committee, Mr. Todd, wrote Mr. Pollock, of the Distillery Company, asking him to forward books and papers of the company here, and also to appear here himself for examination. The books and papers he did forward, and in due course, he appeared himself for examination. At the conclusion of his examination and when he was discharged, you, sir, were good enough to congratulate him on the frank way in which he had met the request of the Committee. The books were afterwards returned to the distillery, and the company thought that the incident was closed. Very shortly thereafter, without any further request for a return of the books, officers descended upon the company's offices in Montreal, and upon the company's distillery in Montreal, and upon two of the residences of officers of the company, and proceeded to ramsack all these premises for books and papers. No books and no papers were found in the private homes, but a large number of papers and books were found in the offices, and sent up here to Ottawa.

My clients have no complaint to make of this course of action, because they realize that in an inquiry of this kind it is sometimes necessary to act very quickly upon what may afterwards turn out to be nothing but rumour. They are not complaining about that, but what happened subsequently was this: The newspapers in Montreal, quite within their rights as purveyers of news to the public, published an account of the seizure of these documents from my clients, to the very great detriment of the company, because it disturbed

their shareholders, who imagined that the company had become embroiled with the Dominion Government. As a result of this action, the value of the stock of the company in the market fell thirty per cent, and many of the more timourous shareholders, sold out at a very great loss. All I can request upon this occasion is that equal publicity be given to my clients, a publicity equal to the publicity of the fact that the seizure was made. My clients write that they feel quite certain that the gentlemen of this Committee will be only too glad to give a communication of this kind. I will also ask the gentlemen of the press, in the interests of fair-play, to give this the same publicity they gave to the other incidents.

Mr. CALDER, K.C.: Mr. Chairman, the Committee being totally devoid of machinery for search warrants, upon my own responsibility and upon information which at that time appeared to be reliable, we took this proceeding. As soon as the proceeding had been taken, and the result proved that the information was absolutely unreliable, I myself did what I could to rectify whatever injustice might have been incidentally done to Colonel Thompson's clients. I think that everybody will understand, as Colonel Thompson himself concedes, that in a matter like this, it was desirable to act promptly, and whatever responsibility there may be for having so acted, I take that upon myself entirely.

Col. THOMPSON, K.C.: Thank you, Mr. Calder, and gentlemen of the Committee.

Mr. CALDER, K.C.: Among the letters filed by Mr. Nash, and among other papers filed by him in connection with his report on the Dominion Distilleries, there are two or three memoranda and letters which were impounded when the auditors took possession of the books and correspondence which I think are significant and revelant, as showing the intent of the circuitous shipments. Some of these letters, by their addresses, by their initials in the case of copies, and by their signatures in the case of originals, show them to be documents received and sent by the Dominion Distillers or such firms as they may refer to, or have been addressed to, in due course of business. There is, however, one memorandum which is the most significant of those, which was found among the papers, and which describes the procedure to be followed. I think that is relevant, and with your permission, Mr. Chairman, I propose to put it in.

Mr. DONAGHY: Has Mr. Nash the document?

Mr. CALDER, K.C.: Yes, he has the document. I will call Mr. Morgan.

T. H. C. MORGAN recalled.

By Mr. Donaghy:

Q. You audited the books of the Federal Distilleries, Limited?—A. Yes.

Q. What kind of alcohol did you find?—A. No. 2 pyridine.

Q. It was not this same kind of alcohol as the Dominion Distilleries denatured?—A. No.

Q. It was not the same denaturing process?—A. No.

Q. It was a process by which the alcohol could not be redistilled, and made fit for beverage purposes?—A. Yes.

By Mr. Calder, K.C.:

Q. In the course of your investigation of the Dominion Distillery Company acting for Clarkson, Gordon & Dilworth, did you find the various documents and papers which have been filed and listed by Mr. Nash?—A. Yes, I found all those in Mr. Gregory George's private office.

Q. Where was that?—A. Just at the back of the main office, at No. 1185 St. James Street, Montreal.

Q. No. 1185 is the office of the Dominion Distilleries Company?—A. Yes.

Q. More particularly did you find a memorandum re export shipments, dated April 23rd, 1925?—A. Yes.

Q. This reads as follows. (Reads):

MEMORANDUM—EXPORT SHIPMENTS, APRIL 23RD, 1925

We are enclosing copy of letters, May 1st, 1923, January 19th, 1925, March 13th, 1925 and April 3rd, 1925, which will more or less explain themselves.

At Halifax there are three import and export licenses, one operated by the Bronfam interests, one by Gelinas & Carrillo, and one by a Boston, U.S. interest.

At the time I was there, week of March 23rd, there was a price war on between the first two interests, and they were selling new brands of Scotch at $10.00 to $10.50 per case, and old brands, such as Black and White, Dewars, etc. at $11.00 to $11.50 per case, f.o.b. boats. It is very difficult to get absolute definite date as to shipments for export from the port of Halifax.

There are two procedures in operation. (1st) is ex-licensed warehouse whiskey is exported in bond consigned to foreign ports, such as Belize, Havana, etc. Bonds for double duties required by the Customs & Excise are put up in the usual manner. These boats go directly to the high seas and discharge cargo and return to Halifax. The landing certificates returned to the department for release of bonds are apparently genuine, insofar as they are signed by the Customs at the foreign port but the boats go directly to the high seas.

On or about December 1st, 1924, we sold 2,500 cases of Canadian Club, quarts to Smith & Company ex St. John's Newfoundland Schooner S. B. Hirtle. Owing to very bad weather it took this boat 24 days to go to High Seas from St. John's—under ordinary conditions this trip should take only 10 days, in due course cargo was discharged, Smith & Company came to Montreal about February 20th, to purchase another cargo. They would not go to St. John's or St. Pierre, as they were quoted Whiskies f.o.b. their boat at Halifax. They would have purchased 5,000 cases Club if we could supply same at Halifax immediately. This, we were unable to do and as a result they purchased their cargo of whiskey at Halifax and went directly to the High Seas.

We have been in 'phone communication with them on several occasions since their last trip; they are anxious to take Club at any time from the port of Halifax.

The (2nd) procedure is, shipments on through bill of lading as example, say 5,000 cases Scotch ex Glasgow consigned to John Smith, Nassau via Furness Lines from Glasgow to Halifax, National Shipping & Forwarding Co. Limited, Halifax to Nassau to boat Henry K. Halifax to Nassau. The Government bonds required by the British Government are released when goods arrive at Halifax and as the goods are on a through bill of lading the Canadian Customs do not require any bonds to be put up, goods may be warehoused in Halifax in Sufferance Warehouse, until such time as they are ready to ship from Halifax and the goods can be shipped on any boat of 200 gross tons by classing the boat under the shipping company from Halifax to Nassau.

This seems to be quite a legal procedure and as the shipment originates in a foreign country and on through bill of lading to another foreign country our Government cannot do much in the matter.

Canadian shipments, which originate in Canada have to comply with the regulations as they are, which regulation can only be changed by order in council.

The memorandum of March 1st, attached, was read to the minister of the Department personally by the writer and the reply was as above, but that the department would look into it, copy was left with him.

The great trouble has been that for the past six months the Minister of this Department has been in ill health and only occasionally at Ottawa, during this time and it was next to impossible to take the matter up fully.

The main fact is that these boats load at Halifax and go directly to the High Seas and discharge cargo."

Q. Did you find the memorandum of March 1st?—A. No.

Q. You did not. Did you search for it?—A. Yes.

Mr. CALDER, K.C.: The letters alluded to in the memorandum are, first, a letter of May 1st from the Department of Customs and Excise:—

The following letters were filed as Exhibit No. 205:—

"GENTLEMEN:—I have the honour to acknowledge the receipt of your letter of the 27th ultimo, respecting goods shipped from the British Empire, or any foreign country to St. Pierre-Miquelon or to the British West Indies, on a through bill of lading via a Canadian port, and transfer at such port or hold there in sufferance warehouse awaiting transshipment. In such cases a special bond would not be required. A proprietor of a sufferance warehouse gives a general bond which covers all the bonded goods showed therein.

I have the honour to be,
Gentlemen,
Your obedient servant,
E. S. SANDERS,
Chief Clerk for Commissioner.

Messrs. W. S. George Ltd.,
1185 St. James Street,
Montreal."

This is the letter of January 19th, 1925. It is headed:—

"FARQUHAR STEAMSHIP COMPANIES, P.O. 820,
HALIFAX, N.S., January 19th, 1925.

Messrs. W. S. George Ltd.,
1185 St. James Street,
Montreal.

GENTLEMEN:—Answering your letter of January 17th re shipments from St. John's and St. Pierre to Halifax on through bills of lading without bonds required at Halifax. We have interviewed the Collector of Customs at Halifax to-day, and although he declines to give a letter stating that this is permissible, he has confirmed it verbally to our Mr. Shaw, that shipments of liquor billed out from St. Pierre-Miq. or St. John's, or through bills of lading via steamship "Sable I" to Halifax, thence a steamship line or steamer (which name must be specified), for furtherance to a foreign port, bonds are not required to be made out in Canada but the goods move through in transit and these intransitu papers must be signed showing the goods delivered at destination and intransitu papers re-delivered to Halifax for cancellation.

As to transshipment. We can arrange to store these goods should the connection between the two steamers at Halifax vary. We have a

sufferance warehouse which is authorized by the collector for the storage of liquors. Should this storehouse be used there will be a regular storage charge as well as the regular transfer from one steamer to another which would be charged to meet the expenses of labour and trackage.

We may add that we have handled shipments from Glasgow to St. Pierre via Halifax, without bonds, on through bill of lading. The main point that the Customs are particular about is that both steamship lines, or steamers' names, must be shown on bill of lading, and intransitu papers are properly signed certified as goods having been landed at foreign port of destination and these papers are returned to the Collector at Halifax for cancellation.

Yours very truly,
Farquhar Steamship Companies,
(Sgd.) T. D. FARQUHAR.

TDF/HC"

The letter of March 13th, 1925, reads as follows:—

"Messrs. W. GEORGE Ltd.,
1185 St. James Street,
Montreal.

GENTLEMEN: At the request of Mr. J. B. Urquhart, we wrote you stating that we could transport by steamer Sable whiskey to Newfoundland from which port you could re-ship in bond in transit by steamer Sable to some designated port. A through bill of lading would have to be issued showing the vessel that would take the goods from Halifax. Should the vessel not be at Halifax at the time the goods arrive, they could be stored for a reasonable time awaiting the arrival of the vessel. The storage charge would be in the vicinity of five cents per case per month. Should you at any time desire to charter a vessel for yourselves or client, we could probably arrange for such tonnage so that it would coincide with the arrival of the steamer.

Without anything further at the moment, we are
Yours very truly,
FARQUHAR and COMPANY, Ltd.
F."

The letter of April 3rd, 1925, is as follows:—

"HALIFAX, N.S., April 3, 1925.

Messrs. W. GEORGE, Limited,
1185 St. James Street,
Montreal, Quebec.

DEAR SIRS, Mr. J. G. Farquhar of Farquhar and Co. Ltd., Halifax, has asked us to quote you storage and cartage rates on liquors to and from our warehouse. We could cart from Farquhar & Co.'s wharf or any nearby wharf to our warehouse and store goods for first month at rates of ten cents per case, this including labour receiving and delivering; also cartage back to Farquhar & Co's wharf or any other nearby wharf, for succeeding months at three cents per case. These rates do not include wharfage.

Our building has been passed by the Customs here for its storage of liquors and the fire insurance rate is so very low for this part of the city, 2.03%. We shall be glad to hear from you in this connection.

Yours very truly,
Halifax Brokerage and
Storage Co.,
Per W. B. MORIARTY."

[Mr. T. H. C. Morgan.]

The letter of January 19th, 1925, is an answer to a letter of which a copy was found, which is as follows:—

"January 17th, 1925.

The FARQUHAR STEAMSHIP COMPANIES, Limited,
Halifax, N.S.

DEAR SIRS: We have some customers who are desirous of securing Canadian Club Whiskey, which we are agents for at St. Pierre-Miquelon and St. John's, Newfoundland.

These customers desire to obtain these goods at Halifax, which are for export to foreign countries, the High Seas and other places.

In order to supply Canadian Club at Halifax the goods would have to be shipped from St. Pierre or St. John's, say to Havana, Cuba, via Halifax, on a through bill of lading, so that no Canadian bonds for double duties would be required at Halifax. We had in mind routing such as:— Shipments from St. John's, Newfoundland, or St. Pierre Miquelon to Havana, Cuba, via the Farquhar Steamship Companies, Limited, St. John's or St. Pierre to Halifax and the boats say the Mary S or any other name which may be the correct and exact name of the boat, which would take the shipment as of trans-shipment at Halifax from your lines. The original ocean bills of lading from St. John's or St. Pierre would show the correct name of the boat which would take the merchandise as a trans-shipment from your lines to Halifax.

Will you please advise us if this can be done legally, and in accordance with the customs regulations at Halifax, by us, and in the order mentioned; the trans-shipment will be made at Halifax by us and if any extra charge, other than your regular open freight, please advise us. In handling the shipments in this manner we would require a letter from the customs at Halifax, that these shipments would not require the bonds for double duties of the Canadian Government or any other bonds of the Canadian Government to be supplied, which are refunded or cancelled when foreign landing certificates of the shipments are produced.

Any shipment originating from Canadian points such as we make to St. Pierre or St. John's, our government at the present time require us to put up cash bonds for double the amount of Canadian duties, which are released or cancelled when we produce foreign landing certificates.

If you should be able to get a definite and strict ruling on this enquiry, we think we can do some business over your lines from St. Pierre or St. John's via Halifax.

We understand now, similar proceedings are being done on direct shipments from Scotland to Havana, Cuba, and other foreign ports via Halifax, where the goods are trans-shipped. Please let us have information as soon as possible.

We are, Very truly yours,
W. GEORGE LIMITED.
By Director.

G. A. George/MC".

Mr. DONAGHY: Mr. Calder, was that method of trans-shipment carried out?

Mr. CALDER, K.C.: I am going on to show that that is the suggestion. It may take some time but I think we will find it in this correspondence.

A letter of April 24th/25.

"P. D. Farquhar,
C/o P. D. Farquhar Ltd.
Halifax, N.S.

DEAR MR. FARQUHAR,—When I saw you last in Halifax you advised me that you expected to be in Montreal on or about April 13th.

As you have not arrived and we have had no further correspondence from you, will you please advise us if it is satisfactory to make a trial shipment, under the proposed method we have discussed, as we are anxious to have this business started immediately.

We would be pleased to hear from you, otherwise it will be necessary for us to make other arrangements.

We are, Very truly yours,

W. GEORGE LIMITED.
By Director.

G. A. George/MC".

A letter of May 4th:

HALIFAX, N.S., May 4, 1925.

Messrs. W. GEORGE Limited,
1185 St. James Street,
Montreal, P.Q.

DEAR SIRS,—Re trans-shipment at Halifax, we would suggest that you make a trial shipment of (100) cases as outlined to you, destination Havana, and the writer will be at Halifax to look after the shipment when it arrives for your account.

We are,
Yours very truly,

FARQUHAR AND CO.

F/L."

The letter of May 8th:—

"Messrs. FARQUHAR & Co. Ltd.,
Halifax, N.S.

Attention Mr. F. G. Farquhar

DEAR SIRS,—Replying to yours of the 4th instant re shipment of one hundred cases to Havana, Cuba, via Halifax.

We are giving instructions to-day to your agent at St. John's, Newfoundland, to ship 100 cases of Canadian Club Quarts, first sailing via S.S. Sable I to Halifax, and schooner General Ironsides or other available boat from Halifax to Havana, Cuba, consigned to G. Harbert, Havana, Cuba, notify Farquhar & Co. Ltd., Halifax. Insurance in our care, ocean freight collect.

The lowest price that we shall sell at Halifax for Canadian Club Quarts, shall be $15.00 per case, f.o.b. boats Halifax, which will include a commission of fifty cents per case for Farquhar & Co. Ltd., on their sales. We think probably that you should be able to get $15.25 or $15.00 per case f.o.b. boat Halifax. However, we are principally concerned in having sales.

Trusting that this shipment will go through satisfactory, and that we shall develop a large business to our mutual benefit, we are

Very truly yours,

W. GEORGE LIMITED.

By G. A. GEORGE,
Director."

[Mr. T. H. C. Morgan.]

Then there is a message, a copy of a night-letter dated Montreal, May 8, 1925.

"J. B. URQUHART,
435 Water Street,
St. John's, Newfoundland.

Ship 100 cases Canadian Club Quarts ocean freight collect, marine insurance in your care. First sailings consigned to G. Harbert, Havana, Cuba, via S/S Sable I to Halifax and schooner General Ironsides or other available boat Halifax to Havana, notify Farquhar and Co. Ltd., agents Halifax (stop). Confirm by wire and mail us one complete copy of all documents and charges."

J. D. Urquhart, St. John's, Newfoundland, writes on May 29th as follows:—

"Messrs. W. GEORGE LIMITED,
Montreal, P.Q.

DEAR SIRS,—Enclosed please find all documents in connection with shipment of whiskey. Urquhart & Co. Ltd., Halifax, are mailing B/L for G. Harbert's shipment and trust same will reach you in due course.

When shipping this whiskey the Sable I was detained here two hours, and there was seven cases too many placed on board, but we could not take same back so the steamship company office here advised us it would be forwarded with the one thousand case lot consigned to the Collector of Customs at Montreal, but such was not the case. Instead they advise us that it is going forward with the 100 case lot consigned to G. Harbert, Havana, Cuba.

I trust that you will be able to get in touch with him and advise him to take delivery and that you will have no difficulty in getting paid for the extra seven cases. Apologizing that such an error occurred, and hoping that everything will come out all right.

Yours truly,
J. B. URQUHART.

P.S.—The Bank of Montreal sent their man here to check over stock, and presume they have notified you ere this."

Mr. STEVENS: Is that "G. Harbert", Mr. Calder, the shipper of Hiram Walker's?

Mr. CALDER, K.C.: Not of Hiram Walker. The Dominion Distilleries Supercargo.

Mr. STEVENS: Is he the same fellow who was in Yokohama, the "G. Harbert Company."

Mr. CALDER, K.C.: Yes.

Mr. STEVENS: A kind of world wide firm.

Mr. CALDER, K.C.: Yes.

Then a letter of June 11th, 1925:—

"The FARQUHAR STEAMSHIP COMPANIES,
P.O. Box 820, Halifax, N.S.

Attention Mr. T. D. Farquhar

DEAR SIRS,—In reply to your letter of June 6th we do not quite understand the condition of this shipment.

On the bills of lading there appears to us that this shipment of 107 cases have gone forward to Havana, Cuba, consigned to G. Harbert, via the United Fruit Company Lines. If the sale has been made and

the goods paid for, why it is quite o.k. However, it was our intention and our understanding with you that you would look after the sales for this shipment and collect the necessary funds.

Will you please advise us if these 107 cases have been sold by you or are still on hand at Halifax awaiting sale?

With reference to expense account for this shipment, please forward same to us and we will send you cheque covering this amount.

We regret very much that there was an error in this shipment of 1,000 cases and 100 cases. However, we think possibly if you had your agent at St. John's Newfoundland, look after these bills of lading in any other shipments, it would overcome this error.

I may say that the error lay in the thing actually going to Havana by accident.

We expect within the next week or so that we are going to bring balance of our stock at St. John's, Newfoundland, approximately 1,500 cases, and the balance of our stock at St. Pierre-Miquelon, approximately 2,500 cases to Montreal in bond consigned to the order of the Customs and Excise, notifying the Dominion Distillery Products Limited, as we are desirous of cleaning up these two ports, at the present time, and thereby reduce the additional charges that are occuring each month, so that when we have new orders we shall be able to reduce our selling price.

Will you please advise us if you can pick up these two lots in one trip and when the next sailing will be.

Yours truly,

DOMINION DISTILLERY PRODUCTS LTD.
By Director

G. A. George/MC.

A letter from the Farquhar Steamship Company, P.O. Box 820, Halifax:

"JUNE 13th, 1925.

G. A. GEORGE, Esq.,
Dominion Distillery Products,
P.O. Box 922, Montreal, P.Q.

DEAR SIR,—Answering your letter June 11th. We understand from bill of lading received from St. John that shipment was already sold to G. Harbert, Havana, and that the same was to be shipped on a straight bill of lading, delivering shipment to him, but from the tone of your letter there is an uncertainty of the sale, therefore we are wiring you to-day re same.

Re shipments of liquor from St. John's, Newfoundland, to St. Pierre-Miq. to Montreal. We will arrange to pick up these two shipments within a week by one of our steamers and bring same to Halifax, and forward to you by rail to Montreal.

We presume you will advise shippers at St. John's and St. Pierre to have shipments ready to forward about the end of next week. Please advise us name of shippers at St. Pierre.

Enclosed pleased find copy of expense account of shipment of 107 cases forwarded to Havana.

Yours very truly,

FARQUHAR STEAMSHIP COMPANY,
T. D. FARQUHAR.

Encl.
TDF/HC."

Here is the wire which is alluded to in the letter.

"CANADIAN NATIONAL

HALIFAX, June 13th, 1925.

G. A. GEORGE,
Dominion Distillery Products Co., Ltd.
Montreal.

Regarding 107 cases. Thought this was direct shipment yourself to consignee Harbert, Havana. Mary I now about due Havana. Can you handle this there or shall we order same returned to Halifax. Owing American conditions, absolutely no opportunity handling goods here (stop) We have opportunity procuring bonded warehouse with import and export license bottling equipment all installed, stone warehouse. Would you be interested?

FARQUHAR & Co., LTD."

Mr. Boivin has some filings to make and I will interrupt this correspondence here for his convenience.

Mr. BOIVIN: Mr. Chairman, I am very grateful to the Attorney for his courtesy in allowing me to make this very short statement and file this report at the present time.

The Committee will remember that I have already stated that shortly after sending Inspector Duncan to Montreal, instructions were given to Inspector Busby to make a complete investigation, or inspection later, of the Port of Montreal. Inspector Busby was unfortunately ill, but the the acting Chief Inspector, Mr. Kennedy, proceeded to do the work. The report was completed and filed with the department on the 10th May. It was necessary to keep it for a few days in order to carry out some of the recommendations therein contained.

The report is very thorough and very complete, and, as Mr. Bennett some time ago on the committee asked that the report be filed as soon as possible after it was submitted to the Department, I beg now to file the report for the information and use of the committee. (*Exhibit No. 204*).

Mr. BELL: Is that all of it?

Hon. Mr. STEVENS: That is Mr. Kennedy's?

Hon. Mr. BOIVIN: Mr. Kennedy's report, Acting Chief Inspector.

Hon. Mr. STEVENS: He is available if we want him.

Hon. Mr. BOIVIN: Yes. The question has just been asked me by the members of the Press as to whether the report was filed or produced. Perhaps I used the word "filed" when I should have used the word "produced," not that there is anything in the report which could not be made public, but possibly if we use the word "filed" it would mean that the whole thing would have to be printed and I think there is a great deal of information that may not require to be printed. The committee can take out anything that is worth while and have it printed.

The CHAIRMAN: There is a report of Mr. Kennedy's covering eight pages.

Hon. Mr. BOIVIN: That is rather a synopsis. The report will be found five or six pages farther on, in the form of questions and answers. There is a printed report sheet which is issued by the Department and every question therein contained has to be investigated by the inspector. He has made a very thorough investigation and that is really the final filed report.

Hon. Mr. STEVENS: You do not recall if the report of Mr. Busby of 1922 has yet been found. I do not mean this formal portion of the report, which has been filed, but there was attached to it a summary such as there is here, signed by Mr. Kennedy, which never had been filed. I repeatedly asked for it and I was wondering if they had located it as yet.

Hon. Mr. BOIVIN: I do not think the matter was brought to my personal attention, Mr. Stevens, but I will have further searches made, and if it is at all possible to locate that report it certainly will be filed within a day or two.

Hon. Mr. STEVENS: I would like to have it. It is a summarization just the same as Mr. Kennedy attaches to this file.

Hon. Mr. BOIVIN: Now, I also have certain letters which were asked for from Mr. Clerk, the Inspector at Montreal, at the time he was giving his evidence here. I think the letters were asked for by Mr. Calder, the attorney, and instead of forwarding them direct to Mr. Calder, he forwarded them to me, but I now hand them to Mr. Calder.

Mr. CALDER, K.C.: I may say Mr. Clerk also advised me at the same time he was doing that. It was quite proper he should forward it through his chief. These are produced and will be filed.

Hon. Mr. STEVENS: They had better go in as an exhibit.

(Correspondence filed as exhibit No. 203.)

Mr. CALDER, K.C.: I will ask that some member of the Committee move to call Mr. C. B. Alexander of the Customs Department, Toronto, to be here. He can be here tomorrow.

Hon. Mr. STEVENS: Yes.

Mr. CALDER, K.C.: I will now continue the correspondence on this trial shipment.

Mr. DONAGHY: I think this report of Kennedy's should be filed so as to be part of the evidence and subject to the committee giving an order later on as to what portions we need printed.

Mr. CALDER, K.C.: Yes, it can be filed.

Hon. Mr. STEVENS: I am not objecting to that at all, Mr. Chairman, only I would respectfully suggest that the same privilege should be granted on other files which have been hitherto denied. I am not criticizing this at all, I think it is exactly what ought to be done but I have been repeatedly denied that on earlier occasions, of having these files as exhibits. Mr. Donaghy has suggested it be filled as an exhibit. I am quite in accord but I say the same thing should be applied to other cases.

—Report of Inspector Kennedy filed as Exhibit 204.

Mr. CALDER, K.C.: There are only three more letters to read in connection with this trial shipment.

"July 3, 1925.

FARQUHAR STEAMSHIP COMPANIES, Halifax, N.S.

DEAR SIRS,—With reference to shipment of 107 cases which went forward to Havana, Cuba, which you invoiced us for (192.76)

It was on your letter, dated May 4, 1925, that we ordered shipped 100 cases as a trial shipment via Halifax to be held at Halifax by you in suffrance Warehouse and to be sold by you or ourselves, which was the understanding we had with your Mr. Farquhar in a personal interview with him.

There is some error at Halifax or St. John's, Newfoundland, 107 cases were forwarded instead of 100 as this trial shipment and same was then forwarded by Farquhar & Company to Havana, Cuba, which was not the intention or the understanding and the error was apparently at Halifax. Under the circumstances we do not think we should be billed with the total amount of freight on this shipment as we had no consignee or customer to take these goods at Havana, Cuba. We wired you to have this returned to Halifax and also asked you to enclose them in a shipment to the Dominion Distillery Products, Montreal, but apparently they

did not arrive in Halifax in time, as we have no instructions from you, that you did so and we expect that these 107 cases are now in Halifax.

We think the best thing for you to do is to try and dispose of them there to some exporters or possibly the Nova Scotia Liquor Commission.

Please advise us what you think can be done with this shipment.

Yours truly,

(Sgd.) W. GEORGE, Ltd.
by G. A. GEORGE,
Director."

Then letter:

"Halifax, Dec. 4, 1925.

Messrs WILLIAM GEORGE, Ltd.,
1185 St. James St.,
Montreal, P.Q.

GENTLEMEN:—We have cabled Havana re 107 cases Canadian Club Whiskey. We find this shipment is still there and we are wondering if you could not possibly dispose of this shipment through Maurice Roud, 49 Lamparilla, Havana, who has been recommended to us by Jack Morris of the Great West Wine Company. Please advise by return mail your decision.

We note that you would like us to dispose of this but we prefer not to have any dealings on this sale, and if you could dispose of same any loss, we understand, would be for our account. Of course you will endeavour to do the best possible for us.

Please advise if you could not arrange this as we would appreciate the same.

Very truly yours,

(Sgd.) FARQUHAR STEAMSHIP CO.,
per T. D. F."

Then there is letter of March 11th in respect to offer of $12.50 per case. There is another letter of some importance in view of the statement made by Mr. Hebert that C. P. Chartier are in business for themselves in St. Pierre, Miquelon.

"MAY 27, 1924.

The FARQUHAR STEAMSHIP CO.,
Halifax, N.S.

DEAR SIRS,—We herewith enclose bills of lading covering car C. & N. W. 126300 containing 2,000 cases of whiskey for St. Pierre, Miquelon, which left Walkerville, May 21, and is due in Halifax on the 28th instant.

We are also enclosing Canadian Customs entry form B 54, which under new Customs and Excise regulations our government require us to have this form signed by the Customs at St. Pierre, Miquelon and we also require three copies of ocean bills of lading covering each shipment.

Please deliver this Customs and Excise Export entry B 54, to C. P. Chartier, St. Pierre et Miquelon, who are our agents, and ask them to return same to us at the earliest moment.

We have your wire in reply to ours saying that this shipment will clear on the 31st via ss. Stella Maris. We shall wire you $800 to-morrow, and kindly forward us invoices and your check for overpayment.

Yours truly,

(Sgd.) ST. GEORGE IMPORT & EXPORT CO.,
by G. A. GEORGE,
Director."

Hon. Mr. STEVENS: They show this Chartier—

Mr. CALDER, K.C.: As their agents. It had been asserted that it was a bona fide sale to C. P. Chartier.

Mr. DOUCET: Is that letter written from Montreal?

Mr. CALDER, K.C.: I cannot say whether it is written from Montreal or not.

Mr. DOUCET: Signed—St. George Import & Export Co.?

Mr. CALDER, K.C.: St. George Import & Export Co., by G. A. George, Director.

Mr. DOUCET: Evidently, from Montreal.

Mr. DILLON: It is a copy, Mr. Calder, is it not?

Mr. CALDER, K.C.: It is a copy. That is why the date place does not appear.

Mr. DILLON: As a matter of fact, it is not a signature, there is a name at the bottom but it is not signed.

Mr. CALDER, K.C.: No, it is not signed, but the office copy says "G. A. George, Director."

Mr. DOUCET: Found in the files of the company in Montreal.

Mr. CALDER, K.C.: Liquor shipped to Halifax in the steamships of the Farquhar Steamship Company, in which they act as shippers, the liquor is to be sold in Halifax and paid for in cash, in Halifax.

Hon. Mr. STEVENS: That is in this exhibit. I notice certain documents or letters indicating that, which would, I think, mean that the sales tax was actually payable on those goods, because, if that is true, there should be added some further claim for sales tax. Because the sales tax law is very clear on that, that if the sale is made in Canada, if consummated in Canada, the sales tax is made. From that correspondence it would seem that if not all, most of the sales were consummated in Canada.

Mr. DONAGHY: Apparently the goods were in Canada.

Hon. Mr. STEVENS: The deal, transaction, and payment of it was consummated in Canada.

Mr. DONAGHY: It is not very clear. It may be right.

Mr. CALDER, K.C.: This will make it clear; there is an agreement that was found among the papers of Mr. George, and which apparently was led up to by the shipment of liquor.

I will read the agreement, which is between Farquhar & Company, Limited, of Halifax, and G. A. George, of W. George, Limited, Montreal, representing W. George Import & Export Company, etc.

> "An Agreement between Farquhar & Company, Limited, of Halifax, Nova Scotia, Canada, represented by J. G. Farquhar and G. A. George, of W. George Import and Export Company, of St. John's, Newfoundland, and representing the St. George Import and Export Company, of St. Pierre et Miquelon.
>
> (1) Whereas and for considerations stated herein Farquhar & Company, Limited, is to act as our agent and on the sale of each and every case of Whiskey or wine that Farquhar & Company, Limited, make for the account of W. George Import and Export Company, or the St. George Import and Export Company: Farquhar & Company, Limited, is to receive a commission of fifty cents (50c.) per case on each and every case, sold and exported from the port of Halifax for the account of W. George Import and Export Company and the St. George Import and Export Company.

(2) All sales are to be made for cash only.

(3) Proceeds from all sales to be deposited immediately to the credit of G. A. George in the Bank of Montreal, Halifax, Nova Scotia.

(4) On the sale of each and every case that the W. George Import and Export Company or the St. George Import and Export Company, or the duly appointed agent of each company make, which case or cases have been exported from the Port of Halifax, Nova Scotia, and have been sold by the W. George Import and Export Company or the St. George Import and Export Company; Farquhar & Company, Limited, shall receive a commission of twenty-five cents (25c) per case, and all commissions due Farquhar & Company, Limited, from these sales made by the W. George Import and Export Company or the St. George Import and Export Company or their duly appointed agent to be paid by W. George Import and Export Company or the St. George Import and Export Company as soon as possible after sales are made and fully completed.

(5) Farquhar & Company, Limited, is to supply suitable, safe storage at , per case for the first month and for each succeeding months. Inward wharfage at per case, outward wharfage at per case, which shall include delivery on purchasers or customers boat or boats for export. Inward and outward wharfages to be at actual costs if lower.

(6) Farquhar & Company Limited or his agents to assist in every way possible for the quick despatch of loading and clearing of boats or any cargo of whiskey or wines for the W. George Import and Export Company or the St. George Import and Export Company or their duly appointed agents.

(7) Farquhar & Company, Limited, to insure in the name of W. George, Limited, and whiskey stored at approximate cost f.o.b. warehouse, Halifax, Nova Scotia, at our expense with recognized standard insurance companies at standard rates of insurance and to confirm by telegram that insurance is placed and to supply us with a certified copy of the insurance policy or policies.

(8) Farquhar and Company, Limited, to send us quarterly statements of all sales and business transactions and at any other time as requested by us, and to keep us posted on all sales by wire or letter.

(9) Cash or receipts from sales in Halifax to be deposited to the credit of G. A. George, less the commissions and other debits due Farquhar & Company, Limited.

(10) Farquhar & Company, Limited, to take every precaution possible and necessary for the safe storing and warehousing of our whiskies.

(11) Farquhar & Company, Limited, to supply us with warehouse receipts for all whiskies and wines stored or held in transit.

This is the important clause, in my opinion.

(12) Nothing in this Agreement shall interfere with bona fide shipments of whiskey to St. John's, Newfoundland, or St. Pierre et Miquelon, on which said shipments there shall be no commissions given.

(13) This Agreement may be cancelled by either party by giving a six (6) months written notice by registered mail to the last address.

(14) This Agreement is accepted and now in force by the signatures, as shown below.

Dated this day of March, 1925

Witness

Witness"

Mr. CALDER, K.C.: I could not state whether that was put in here, and that is why I called Mr. Farquhar. There are a certain number of letters among those filed.

Mr. DONAGHY: Have you found any regulation, Mr. Calder, that authorizes them to land whiskey from St. John's, Newfoundland to Halifax, then take it out again?

Mr. CALDER, K.C.: No, I will look for it. No doubt it is in the correspondence.

Mr. DONAGHY: I think we had better follow that up.

Mr. CALDER, K.C.: There is a telegram dated June 27th, 1925, from St. Pierre to W. George, Limited, 1185 St. James street, Montreal, reading as follows:

> "Statement of account mailed through Farquhar by Fernfield along with the bills-of-lading. Only statement now is our percentage of profits. I am having reference to reduction in price of standards which cost $12.50 landed here. Writing next mail. C. P. Chartier."

and letter from the Farquhar Steamship Companies, P.O. box 820, dated at Halifax, July 27, 1925, addressed to Messrs W. George, Limited, 1185 St. James street, Montreal, P.Q.:

> "GENTLEMEN,—Answering your letter of July 23rd. We now enclose our cheque covering credit notes as attached, showing refund to you on shipments from St. John and St. Pierre. We thank you for bringing this to our attention on the overcharge, as this was purely an error on our part, as there have been some changes in our staff and the party billing forward these shipments is not familiar with the basis of rates previously charged.
>
> However, we appreciate that our regular rate from Halifax to St. John is now $1 per hundred pounds on whiskey, therefore, kindly keep our charges strictly confidential as we know you are not making anything on shipments which are returned, and we do not wish to charge more than is necessary.
>
> Re charge for moving steamer. It has been customary to make a charge for moving steamers from the railway pier for inward freight as it saves the owners considerable on transfer, however, you will note we have also waived this charge.
>
> Reference further shipments to St. Pierre and St. John. No doubt, from time to time, you will have further shipments, and we trust we are favourably in line for handling these for you.
>
> Thanking you for past favours,
> Yours very truly,
> FARQUHAR STEAMSHIP COMPANIES."

I now ask that these letters which have been read, be filed together as exhibit No. 205.

Hon. Mr. STEVENS: I thought they were already filed.

Mr. CALDER, K.C.: Mr. Dewar tells me they were not filed. I am filing these particular letters with the extracts that are on the general file, and the correspondence, as exhibit 205.

Shall I read this precis into the record?

Hon. Mr. STEVENS: Yes.

Mr. CALDER, K.C.: This is file No. 11739, referring to the alleged smuggling of dresses by the Phoenix Manufacturing Company, Montreal, P.Q.

Hon. Mr. STEVENS: Mr. Wilson had better be called.

W. F. WILSON, recalled.

By Mr. Calder, K.C:

Q. Mr. Wilson, have you made a precis of the following files:

File No. 11739, re alleged smuggling of dresses by the Phoenix Manufacturing Company, Montreal, P.Q.

Departmental No. 125800, Customs seizure of silk from the Model Dress Company, Montreal, P.Q.

Departmental No. 125799, Customs seizure of silk from the Clarence Dress Company, Montreal, P.Q.

Departmental No. 125801, Customs seizure of silk from Miladi Dress Company, Montreal, P.Q.

Departmental No. 125569, Customs seizure from Benjamin J. Cohen, Montreal, P.Q.

Departmental No. 125757, Customs seizure of silk fabric from Benco Silk Company, Montreal, P.Q.

Departmental No. 125669, Customs seizure from Benjamin J. Cohen and Dominion Dress Manufacturing Company, Montreal, P.Q.

Departmental No. 125761, Customs seizure of silk fabric from Benco Silk Company, Montreal, P.Q.—A. Yes, sir.

Q. Your precis are correct, from the records and minutes filed?—A. Yes, sir.

Witness retired.

Mr. CALDER, K.C.: Precis of file 11739, entitled "Alleged Smuggling of Dresses by the Phoenix Manufacturing Company, Montreal, P. Q. (Reads):

11739.

PRECIS

MAY 25, 1926.

This file contains correspondence of various dates from the twenty-fourth of July, 1924, to the twenty-second January, 1925, regarding complaints of silk smuggling in Montreal and investigations made by J. E. Bisaillon, who was Acting Officer in charge of the Preventive Service at Montreal, but no seizures resulted. The matters were referred to the Montreal office from time to time by the Preventive Service in Ottawa.

On the twenty-sixth of January, 1925, the Commercial Protective Association forwarded some information on the same subject, and was told that the Preventive Service would investigate.

September twenty-ninth, Customs-Excise Enforcement Officer Knox reported to the Preventive Service that Ben Cohen of the Benco Silk Company, 10 Cathcart Street, Montreal, was receiving attention.

October first, Officer Knox reported that this Company did not have a proper set of books, that he found records of payments of notes for considerable sums of money to the Royal Silk Mills Company, New York and Barnard Phillips Company, Incorporated, New York, and also blank invoices of several New York firms.

October the tenth Officer Knox reported that the Benco Silk Company was doing a wholesale business in smuggling silks and that he so far discovered sales of approximately one hundred and fifty pieces of silk which Cohen could not account for; that Cohen sold during August and September, 1925, approximately eighty-six pieces of silk for which he could not account but admitted that they were American silks brought into Canada without entry at Customs. This admission was made by Cohen to Officer Knox in the presence of Officer Hurson on the seventh of October. On that date Officer Knox took possession of such

sales records as were available. Officer Knox reported that the balance of sales were traced through the Dominion Messenger Service to various dress manufacturers in Montreal. When Cohen's stock of silks on hand was checked there were discovered four pieces of silk which Cohen could not account for but admitted they were part of the silk smuggled. These four pieces Cohen had re-dyed into black by the Dominion Dyeing and Silk Finishing Company, Limited, Drummondville, Quebec. These four pieces of silk were seized on the seventh of October, and were numbered:

22924 — 58½ yds.
31700 — 61⅞ yds.
11056 — 59⅝ yds.
22940 — 56¼ yds.

—all thirty-eight inches wide, dyed black.

Officer Knox took possession of various drafts showing payment in New York and Cohen admitted that they were for silks that he had smuggled. On this date, October tenth, Officer Knox reported that Cohen was willing to pay double duty on the face value of the drafts and that Cohen's counsel, Mr. Phillips, was also prepared to pay double duty on the value of these drafts.

On October the twelfth Officer Knox reported arriving in New York where he had been sent by the Preventive Service to continue this investigation.

October the thirteenth Officer Knox reported from New York that the Royal Silk Mills Company refused to give any information regarding sales to the Benco Silk Company. He also reported that the Mendal Silk Company, 432 4th Street, New York had not shipped any silk to Cohen but had sold him silk which he paid for in cash and took away with him. There were no Customs invoices in Canada of goods bought by Cohen from the Mendel Silk Company.

Officer Walter Duncan telegraphed the Preventive Service from Montreal on October the twenty-first that Cohen was arrested that day charged with possession of smuggled silks under Section 219 of the Customs Act, and Mr. Duncan was instructed by wire to retain Phillip Brais to prosecute Cohen.

October the twenty-third Officer Knox reported from Montreal concerning further enquiries he made in New York and of his success there in obtaining records of purchase of silk by Cohen from other New York firms and pursued his enquiries in Montreal in the light of the further information obtained in New York.

October the twenty-fifth Officer Knox reported the arrest of Cohen and submitted statements of smuggled goods so far as he was able to obtain records. He also reported that Officer Duncan obtained a statement in writing from Cohen in which the latter admitted guilt. Cohen was locked up in the City Police Central Station on the twenty-first of October and the following morning Officers Duncan and Knox proceeded to the Court House to be present for the arraignment but upon arrival there could not find Cohen's name on the list and were informed that he was not arrested yet. These Officers then called at the Central Police Station where they left Cohen the previous afternoon and after many enquiries there ascertained that Cohen had been liberated by some unknown party shortly after he was confined in the Police Station. There was no record of Cohen's liberation. It took these Officers until noon of the twenty-second of October to find out that Cohen was taken before Judge Cusson at his home and allowed bail in the sum of $500, to appear for arraignment on the third of November.

The next paper on file is K9 for Preventive Service seizure 6288 covering the four pieces of silk already referred to and valued at $490 seized for having been smuggled into Canada, and wherein Cohen was charged under subsection 3 of section 219 of the Customs Act. This seizure was reported to the Deputy Minister of the Department on October the twenty-eighth.

On October the twenty-ninth Officer Knox reported seizure of eight pieces of silk in possession of the Dominion Dress Manufacturing Company, Limited, Wilder Building, Montreal, that had been sold to said Company by Cohen. This is Preventive Service Seizure 6331. The report also refers to two pieces of silk sold to Miladi Dress Company, Wilder Building, Montreal—Preventive Service seizure 6359; four pieces of silk seized from the Clarence Dress Company, Duboule Building, Montreal—Preventive Service seizure 6357, and one piece of silk from the Model Dress Company, Jacobs Building, Montreal—Preventive Service seizure 6358. The Officer reported that all the goods seized, except those from the Dominion Dress Company, Limited, were identified beyond question with the records the Officer obtained in New York and were in the same wrappers in which they were purchased in New York. In this report the Officer states—"B. J. Cohen has approached me through a second party to settle this matter for the sum of ten thousand dollars."

On October the twenty-seventh Officer Knox forwarded copy of a letter addressed to Officer Duncan on October twenty-fourth by the Department's legal agent, Mr. Brais, in which it is indicated—"I have examined the procedure in the Benjamin Cohen records and this is most extraordinary***".

November the fourth Officer Walter Duncan wrote a letter to Preventive Service advising of the arrest of Cohen on a warrant charging that on or about the seventh October 1925 Cohen committed an indictable offence in that he did knowlingly keep, conceal, purchase, and sell goods unlawfully imported into Canada, said goods being dutiable, and whereon duties had not been paid, the said goods being of the value exceeding $200.00, to wit, of a maximum value of $330.00. The whole in contravention of subsection 3 of section 219 of the Customs Act. Officer Duncan's report continues: "After his arrest, and after he was cautioned, he admitted in the presence of Customs Officer Knox that the four pieces of silk seized by Officer Knox on the 7th of October were smuggled into Canada and that the Customs Duty was not paid on same, and that the value of the four pieces was $350.00. He afterwards gave the following voluntary statement, in which he somewhat qualified his previous statement by saying that the four pieces of silk seized, on which the Customs Duty had not been paid, could not be accounted for:—

Oct. 21st, 1925.

I, Benjamin J. Cohen, of the Benco Silk Co., Ltd., of New Birks Bldg., Montreal, make the following voluntary statement that on the 7th day of October there was seized by Customs Officer Knox on my premises 4 pieces of silk on which the Customs Duties had not been accounted for, and I state positively that the four (4) pieces of silk goods seized were the only goods on my premises on which the Customs Duty had not been accounted for.

The total of the four pieces seized would only amount to the value of $350.00 and I can state positively that these goods did not enter Canada with the knowledge or consent of any Customs Officer to my knowledge.

(Sgd.) BENJ. J. COHEN.

About 3.30 p.m. on the date of his arrest I handed the prisoner over to the Sergeant on duty at Police Headquarters. I endorsed the warrant which I also left with the Sergeant. On the following morning on going to the Police Court Clerk's office with Customs Officer Knox, I found that the prisoner's name did not appear on any of the dockets for that day, and was told by the clerk in the Police Court Clerk's office that Cohen had not yet been arrested. On following the matter up, we went to Police Headquarters where we found the same Police Sergeant on duty, who at first could give us no information as to what had become of the prisoner, who was handed over to him the day previous, but stated that he should be before the court. There was no record in the Police Sergeant's

office of his having been bailed out, and the Sergeant made a search of the cells to see if the prisoner was there but could find no trace of him. He then called up the Police Sergeant who relieved him the night before, and received the information that the prisoner had been taken to Judge Cusson's residence the night before, but could give us no information as to who took him there. Customs Officer Knox and myself then returned to the court house, and it was not until after mid-day that the warrant was filed with the Police Court Clerk, attached to which was a bond admitting the prisoner to $500.00 bail, to appear on the 3rd of November. The admiitting of the prisoner to bail would be in order, but the prisoner should have appeared the next morning in court. On the 3rd of November he appeared in Judge Decarie's private chamber, when two other charges were preferred against him, as follows:—

Summary Conviction.

"The Information and Complaint of—James Edward Knox, Occupation—Customs-Excise Enforcement Officer, of the City of Montreal, taken upon oath this ..... day of November, one thousand nine hundred and twenty-five, before the undersigned, Judge of Sessions of the Peace, acting in and for the District of Montreal. Who saith: I reside at No. 29 Crescent St.

That I am credibly informed and do verily believe that at Montreal, said District, between the 9th day of May, 1925, and the 27th day of June, 1925, Benjamin J. Cohen of the City and District of Montreal, did knowingly harbour, keep, conceal, purchase and sell goods unlawfully imported into Canada, said goods being dutiable and whereon duties lawfully payable had not been paid, the said goods being of a value of $5,900.64, the said goods to the total value of $5,900.64 being goods other than the goods to a value of $330.00 the possession, harbouring, keeping, concealing, purchasing and selling of which has already been charged to the said Benjamin J. Cohen, in virtue of another complaint before this Court.

The whole in contravention of subsection 3, of section 219 of the Customs Act of Canada, Chapter 48, Revised Statutes, 1906, as amended.

And pray for justice."

"The information and complaint of—James Edward Knox, Occupation—Customs-Excise Enforcement Officer, of the City of Montreal, in the District of Montreal, taken upon oath this ..... day of November, one thousand nine hundred and twenty-five, before the undersigned, Judge of Sessions of the Peace, acting in and for the District of Montreal. Who saith: I reside at No. 29 Crescent St.

I am credibly informed and do verily believe that at Montreal, said District, between the 27th day of June 1925 and the first day of November 1925, Benjamin J. Cohen, Importer, of the City and District of Montreal, did commit an indictable offence in that he did knowingly harbour, keep, conceal, purchase and sell goods unlawfully imported into Canada, said goods being dutiable and whereon duties lawfully payable had not been paid, the said goods being of a value exceeding $200.00, to wit, of a value of $5,761.37.

The whole in contravention of subsection 3, of section 219 of the Customs Act of Canada, Chapter 44, Revised Statutes, 1906, as amended.

And pray for justice."

The prisoner was admitted to bail in the sum of $2,500.00 to appear on the 25th instant.

Attached herewith are certain statements which are self-explanatory."

On October the thirty-first Officer Knox reported in Preventive Service seizure 6288 enclosing copies of all American invoices obtained by him in New York, and states further, as follows:—

"I am also enclosing herewith amended copies in duplicate of exhibit (3) previously sent you, which you will please substitute for previous exhibit (3). This change is made necessary owing to additional sales having been traced. *Note*—on explanation sheet now in your possession, amended figures now read against exhibit 3 $4,299.98.

Enclosed also are copies in duplicate of one additional page for exhibit 2, now in your possession. These figures now read $23,270.17 instead of $21,085.07. These alterations are the result of further enquiries and searches made by me.

Enclosed also herewith are duplicate receipts of goods seized by me and delivered to the Collector of Customs and Excise, Montreal, Que."

November the fourth, in Preventive Service seizure 6288, Officer Knox reported that Cohen appeared before the Judge in Chambers in Montreal on the third of November and "was further remanded for preliminary hearing until the twenty-fifth of November" and continues:—"Prior to this arraignment Mr. Duncan and myself discussed with Mr. F. P. Brais, Counsel representing Customs Department in the prosecution of B. J. Cohen, additional evidence obtained against the accused and the advisability of proceeding with same now. Mr. Brais suggested that additional charges be laid forthwith so that the accused to be arraigned on the former charge would also be arraigned on the new charges and that it would give him an opportunity to press for substantial bail. This was done. Mr. Brais drafted the information and complaint on two other charges, a copy of which is attached hereto and which is self-explanatory.

"When the accused was arraigned before Judge Decarie on the former charge laid against him on Oct. 21st ulto. he was also arraigned on the latter two, pleaded "not guilty" and through mutual agreement between counsel was remanded for trial until Nov. 25th on all three charges.

"The accused was allowed bail in the sum of $2,000.00 on the latter two charges, while he is out on bail in the sum of $500.00 on the first and former charge, which makes the amount of bail in all three charges $2,500.00."

Extracts from the three copies of information and complaint mentioned in the preceding report are:—

(1) "That I am credibly informed and do verily believe that at Montreal said District, between the 9th day of May 1925 and the 27th day of June 1925, Benjamin J. Cohen of the City of Montreal, District of Montreal, did knowingly harbour, keep, conceal, purchase and sell goods unlawfully imported into Canada, said goods being dutiable, and whereon the duties lawfully payable had not been paid, the said goods being of a value of $5,900.64, the said goods to the total value of $5,900.64, being goods other than the goods to a value of $330.00, the possession, harbouring, keeping, concealing, purchasing and selling of which has already been charged to the said Benjamin J. Cohen, in virtue of another complaint before this Court.

The whole in contravention of sub-section 2 of section 219 of the Customs Act of Canada, Chapter 48, Revised Statutes of 1906, as amended. (Signed) J. E. Knox".

(2) "That I am credibly informed and do verily believe that at Montreal, said District, between the 27th day of June 1925 and the first day of November, 1925, Benjamin J. Cohen, Importer of the City of Montreal and District of Montreal, did commit an indictable offence in that he did knowingly harbour, keep, conceal, purchase and sell goods

unlawfully imported into Canada, said goods being dutiable, and whereon the duties lawfully payable had not been paid, the said goods being of a value exceeding $200.00, to wit, of a value of $5,761.37.

The whole in contravention of sub-section 3 of section 219 of the Customs Act of Canada, Chapter 48, Revised Statutes of Canada, 1906, as amended."

(3) "That I am credibly informed and do verily believe that at Montreal, said District, on or about the 7th day of October 1925, Benjamin J. Cohen, Importer of the City of Montreal, District of Montreal, did commit an indictable offence, in that he did knowingly, harbour, keep, conceal, purchase and sell goods unlawfully imported into Canada, said goods being dutiable and whereon duties lawfully payable had not been paid, the said goods being of a value exceeding $200.00 to wit, of a minimum value of $330.00.

The whole in contravention of sub-section 3 of section 219 of the Customs Act of Canada, Chapter 48, Revised Statutes of Canada, 1906, as amended."

(Signed) J. E. KNOX.

The next paper on file is form K.9 for Preventive Service seizure 6331 covering the eight pieces of silk seized in the possession of the Dominion Dress Manufacturing Company, Limited, on the twenty-seventh and twenty-eighth of October, valued at $591.66, for having been smuggled into Canada.

Preventive Service seizure 6331 was reported to the Deputy Minister of the Department on the tenth of November. The same day the Preventive Service transferred to the Department in connection with seizure 6288 the report of the fourth of November that was received from Officer Knox.

Preventive Service seizure 6346 covers charges made against the Benco Silk Company, for silk valued at $8,340.34, for having been smuggled into Canada. This silk was purchased from Ira S. Mendel Silk Company, Inc., New York and from Bernard Phillips and Company, New York, from the 9th of May to the 16th June, 1925. This silk had all gone into consumption.

Preventive Service seizure 6347 covers charges against the Benco Silk Company in connection with silk smuggled into Canada valued at $7,374.05. This silk was purchased from Bernard Phillips Company, New York and the Republic Textile Company, New York, from the sixth of July to the 15th of September, 1925. This silk had all gone into consumption.

On November nineteenth the Preventive Service reported seizure 6346 to the Department and enumerated the following seizure in re B. J. Cohen:—

"P.S. Customs Seizure No.	Seized from	Goods
6288	B. J. Cohen	4 pieces of Silk.
6331	Dominion Dress Co	8 pieces of silk (purchased from Cohen).
6346	B. J. Cohen	Pro Forma (goods imported May 1,—June 27th).
6347	B. J. Cohen	Pro Forma (goods imported after June 28th).
6357	Clarence Dress Co	4 pieces of silk (purchased from Cohen).
6358	Model Dress Co	1 piece of silk (purchased from Cohen).
6359	Miladi Dress Co	2 pieces of silk (purchased from Cohen)."

"The Seizing Officer has also submitted a lengthy statement covering the purchase of goods in New York and their disposal in Montreal by sale by B. J. Cohen. This statement gives details as to exporters, dates of sales, identifying pieces numbers, etc., which statement, if required, will be forwarded to the Department. It shows that records were

obtained showing $6,230.64 as paid for goods not declared at Customs from May 1, 1925 to June 27, 1925, and in this same period sales of $4,299.98, and for the period June 28th, 1925 to October 8, 1925, purchases of $5,761.57 not declared at Customs and sales of $23,270.17. It is claimed that these figures are not definite or complete as the Benco Silk office records have been partially destroyed or removed."

November nineteenth the Preventive Service reported seizure 6347 to the Deputy Minister of the Department.

In seizure 6288 Officer Knox reported on November the nineteenth that two pieces of silk Cohen had re-dyed by the Dominion Silk Dying Company, Drummondville, Quebec, in September and admitted American goods smuggled into Canada, had no invoices covering same.

Preventive Service seizure 6357 covers a small quantity of silk sold by Cohen to the Clarence Dress Company. Montréal, and seized in possession of said Company.

Seizure 6358 covers a small quantity of silk sold by Cohen to the Model Dress Company, Montreal, and seized in the possession of said Company.

Seizure 6359 covers silk valued at $241.36, sold by Cohen to Miladi Dress Company, Montreal, and seized in possession of said Company.

These seizures, 6357, 6358 and 6359 were reported to the Deputy Minister of the Department on November the twenty-fifth.

On November the twenty-sixth the Preventive Service wrote Officer Knox as follows:

"Mr. S. W. Jacobs, K.C., M.P. telephoned to-day from Montreal to me saying that the Cohen prosecution will come up in Court in Montreal next Wednesday. He said he had been retained in connection with this matter but would not appear in Court. He further said he will leave to-night for Atlantic City and may not be back by next Wednesday and that his client wants to give me information as to who smuggled the goods and how they were smuggled and that Mr. Jacobs wants to bring his client to Ottawa to see me for this purpose. However, in view of the fact that Mr. Jacobs will not return for next Wednesday he asked me to instruct our lawyer in Montreal to consent to an adjournment of the case when it comes up for trial next week.

I told Mr. Jacobs that I would not consent to an adjournment and that I would not receive any information from his client with a view to in any way mitigating the proceedings we are taking in Court against him.

My purpose in advising you of this now is to instruct you to accept no information either from Mr. Cohen or his solicitors.

I shall be in Montreal when this case is called next week. I also direct you to see Mr. Brais, our solicitor, and ask him not to receive any information from Mr. Cohen or his solicitors. Tell Mr. Brais for me not to consent to an adjournment in this matter when it comes up in Court next week and that I reiterate the instructions I gave him in the presence of yourself and Mr. Duncan in Montreal, that this case must be prosecuted to the limit.

Acknowledge receipt of this letter."

On November the twenty-fifth the Department's legal agent, Mr. Brais, wrote the Preventive Service from Montreal as follows:

"*Re: Benjamin Cohen.* The preliminary inquiry in this case was begun this day and will be completed on the 4th of December. In the meanwhile, it is the intention of the defence to submit to you certain interesting revelations with reference to the smuggling carried on by Cohen. You will please tell me if it is your intention to accept declara-

tions from the accused which might convict other parties, in exchange for some leniency.

The defence wished to suspend proceedings this morning, pending the discussion of such a proposal with yourselves but, after a conference with Messrs. Duncan and Knox, it was decided to proceed nevertheless as the defence would have an opportunity to communicate with you between now and next week, when the preliminary inquiry will be terminated."

November the twenty-eight the Preventive Service wrote Mr. Brais:

"Your letter of the 25th inst. was received this morning. Efforts have been made to influence me to consent to a postponement of the hearing in court that is set for next week on condition that Cohen and one of his solicitors come here for the purpose of giving me information regarding the way through which Cohen's goods were smuggled with a view no doubt of leniency towards the prosecution of Cohen.

I emphatically declined. I will receive no information from Cohen or any of his solicitors on condition that proceedings against him will in any way be mitigated.

On the 26th inst. I wrote to Customs-Excise Enforcement Officer Knox instructing him not to receive any information in this connection. I have asked Mr. Duncan here not to receive any such information and make the same request to you. In the same letter to Mr. Knox I asked him to convey this intimation to you and to also inform you for me not to consent to an adjournment in this matter when it comes into court next week, and that the case must be prosecuted to the limit.

Please use your utmost endeavour in this prosecution to secure a conviction because there is no doubt the circumstances warrant a conviction.

If you succeed in having the case sent to the Court of Kings Bench, I ask you again, as I did in Montreal, on the 3rd inst., to apply to the Attorney General of the Province of Quebec to order that the case may not revert from the Court to a lower Court."

November the twenty-seventh Officer Knox reported to the Preventive Service from Montreal, quoting Preventive Service seizure 6288, as follows:—

"*Preventive Service Customs Seizure 6288, B. J. Cohen, Montreal, P.Q.*

With further reference to previous reports in connection with the above named, I have the honour to advise you that the accused appeared in Police Court before Judge Monet on the afternoon of the 25th inst. and was again remanded for preliminary trial until Friday, December 4th next.

Cohen was arraigned on one charge, that of being in possession of smuggled goods to the value of $330, the four pieces which were seized in his possession on October 7th last.

The only evidence submitted in the case was that of Mr. W. Duncan as to Cohen's arrest on October 21st, 1925, and his admission regarding the four pieces of silk found in his possession.

The accused was represented by Jos. Cohen, K.C., and Mr. Phillips, K.C., while the prosecution was represented by F. P. Brais, K.C.

This adjournment was requested by the defence who are most anxious to proceed to Ottawa and there interview yourself, Mr. Farrow, and the Minister, with a view of having this prosecution *stopped if possible* and effect a settlement by way of a substantial fine."

November the twenty-seventh Officer Knox also reported from Montreal:—

"I beg to acknowledge receipt of your letter of the 26th inst. relative to Mr. S. W. Jacobs, K.C., telegraphing you from Montreal, Que., in connection with the prosecution of B. J. Cohen, silk smuggler, Montreal, Que.

I have carefully observed your instructions in regard to this matter, and so far as I am concerned same will be carried out to the letter.

Mr. Brais, K.C., Counsel representing the Department in the prosecution of this case, is out of town to-day, will not be back before Monday, but on his return I will inform him again of your instructions, which I am sure he will carry out. He is fully aware of his previous instructions from you to push this case to the limit and I am satisfied he will do so.

The defence in this case are striving by all means in their power, political and otherwise, to have this prosecution stopped and are determined to stop at nothing to accomplish this end. Personally I have been threatened with dismissal, and all kinds of things, but, notwithstanding any threats, I am prepared to go ahead with more vengeance than ever."

December the fifth Officer Knox reported to the Preventive Service from Montreal:—

"Preventive Service Customs Seizures 6288, 6347 and 6346, B. J. Cohen, Montreal, Que.

In connection with the above numbered seizures I have the honour to advise you that the accused, B. J. Cohen, appeared for trial in the Police Court on the morning of the 4th inst., but owing to the absence of F. P. Brais, K.C., who is representing the prosecution, being detained in the City of Quebec on another important matter for the Attorney General of Quebec, and the absence of Mr. Jos. Cohen, K.C., leading counsel for the defence, being in St. Johns, P.Q., on another case, the trial of the accused in this case was further postponed until December 11th inst.

As you are aware there are three charges preferred against B. J. Cohen, the accused in this case. The two former seizures above mentioned are indictable offences while the latter mentioned is a summary offence.

While at Court on the morning of the 4th inst. I was informed that the summary trial was called in Police Court before Judge Decarie on the morning of the 2nd inst. but, as the prosecution was not present, this case was further postponed until the 9th inst. I might say, emphatically, that this trial was unknown to the prosecution. However, as the cases stand at present the summary trial under seizure No. 6346 will be held on Wednesday, the 9th inst. while the indictable offences under seizure Nos. 6288 and 6347 will be held on Friday, the 11th inst.

As you were present in Court with Mr. Duncan on the morning of the 4th inst. you already know the circumstances of this postponement, therefore, it is not necessary for me to explain the matter further, other than stated above."

—(Mr. Brais was not present in Court. "W").—

December the third, the Collector of Customs and Excise, Montreal, wrote the Preventive Service enclosing copies of sales tax returns made by the Benco Silk Company, Montreal, from April 1st, 1924, to September 30th,

1925, and a memorandum of entries passed through Customs by said Company in the fiscal year 1925-1926. These sales tax entries are enumerated as follows—

Entry No.	Period	Sales Tax
6455	1st April 1924 to 30th June 1924	$ 38 59
11153	July 1st 1924 to 31st August, 1924	Nil.
17344	1st Sept., 1924 to 30th November, 1924	70
23043	1st Dec., 1924 to 28th February, 1925	Nil.
4367	1st March, 1925 to Sept. 30th, 1925	Nil.
7831	May 1st, 1925 to June 30th, 1925	Nil.
13369	2nd July 1925 to Sept. 30, 1925	42 48

On December the fifth the Department's legal agent, Mr. Brais, wrote the Preventive Service regretting being unable to proceed with Cohen's case that week owing to absence in Quebec.

December the ninth, the Preventive Service wrote Mr. Brais as follows:—

"Your letter of the 5th inst. with reference to the case against Mr. Benjamin Cohen has been received. I trust you will be in Court Friday morning for the purpose of vigorously prosecuting and opposing any attempt that may be made for a further adjournment."

On the ninth December, Officer Knox reported to the Preventive Service:—

"Preventive Service Customs Seizure 6346, B. J. Cohen, Montreal, P.Q.

I have the honour to advise you that the above named appeared in Police Court this a.m., before His Honour Judge Decarie on the summary charge preferred against him under sub-section 2 of Section 219 of the Customs Act of Canada.

CHARGE—That at Montreal, said District, between the 9th of May, 1925, and the 27th day of June, 1925, B. J. Cohen did knowingly harbour, keep, conceal, purchase and sell goods unlawfully imported into Canada, said goods being dutiable and whereon duties lawfully payable had not been paid, the said goods being of a value of $5,900.64.

To the above charge the accused pleaded 'Guilty'. His counsel, J. Cohen, K.C., made a strong plea for a fine in this case, pointing out to His Lordship that two other charges against the accused in which, if found guilty, the minimum punishment was one year in jail, he therefore pleaded for a fine in this case.

Mr. F. P. Brais, K.C., representing the prosecution, pressed for a fine and imprisonment, pointing out to His Lordship the seriousness of the offence and the amount involved, but His Lordship thought justice would be saved by the maximum fine of $200 or six months in jail, which was imposed. The accused paid the fine.

The other two charges pending against the accused will proceed on the 11th inst."

December the twelfth, Officer Knox reported to the Preventive Service:—

"Preventive Service Customs Seizure 6288, B. J. Cohen, Montreal, P.Q.

In connection with the above mentioned seizure and prosecution of B. J. Cohen, Montreal, Que., I have the honour to advise you that the above named appeared before Judge Monet in Chambers on the morning of the 11th inst., for continuation of the preliminary hearing on the charge preferred against him under sub-section 3 of section 219 of the Customs Act of Canada, and was committed for trial in said charge. Voluntary

statement was set for December 16th instant, when the accused will elect for trial, which means that the accused can either elect trial by a Judge or a Judge and Jury.

The preliminary was started before Judge Monet on November 25th last, when the evidence of Mr. W. Duncan was submitted, as to Cohen's arrest and his admission afterwards regarding the silk found in his possession by myself on October 7th. Cohen admitted the four pieces of silk seized in his possession was smuggled, and no duty had been paid on same.

Judge Monet held that the evidence of Mr. Duncan was sufficient to commit the accused to stand trial and set voluntary statement for December 16th instant.

F. P. Brais, K.C., represented the prosecution while the accused was represented by Mr. Phillips, K.C."

On December the twelfth, Officer Knox reported to the Preventive Service:—

"*Preventive Service Customs Seizure 6347, B. J. Cohen, Montreal, Que.*

In connection with the above mentioned seixure and prosecution of B. J. Cohen, Montreal, Que., I have the honour to advise you that the above named appeared before Judge Enright for preliminary hearing on the morning of the 11th instant, on the charge preferred against him under sub-section 3 of section 219 of the Customs Act of Canada.

CHARGE—That between the 27th day of June, 1925, and the 1st day of November, 1925, B. J. Cohen did commit an indictable offence in that he did knowingly harbour, keep, conceal, purchase and sell goods unlawfully imported into Canada, said goods being dutiable, and whereon duties lawfully payable had not been paid, the said goods being of a value exceeding $200, to wit, of a value of $5,761.37.

The only evidence submitted at this preliminary hearing was that of myself, as to the goods purchased by the accused in New York, U.S.A., on August 6th, 1925, from the Barnard Phillips Company, 95 Madison Ave., N.Y., and subsequently sold by the accused in Montreal, Canada, to the Clarence Dress Co., Montreal, Canada, on August 14, 1925. Also identification of same from goods seized in possession of the Clarence Dress Co.

Judge Enright held that sufficient evidence was submitted to commit the accused to stand trial and set voluntary trial either by a judge or a judge and jury.

F. P. Brais, K.C., appeared on behalf of the prosecution, while the accused was represented by Mr. Phillips, K.C."

December the ninth, the Department's legal agent, Mr. Brais, reported to the Preventive Service, as follows:—

"*Re: Benjamin Cohen—Summary Conviction*

This case was before Mr. Chief Justice Decarie this morning, on summary conviction. The charge was for smuggling approximately $5,000 worth of merchandise, previous to the amendment of the 27th of June last.

I understand that strong pressure had previously been brought to bear upon Judge Decarie by the Attorney in the case. Upon the plea of guilty entered, I immediately drew to the attention of the Court the fact that this man had profited of a larger amount at the expense of the Government, that there are other charges outstanding against him and that he made smuggling his business.

Notwithstanding these representations, Judge Decarie saw fit to impose only the maximum fine provided by the Statute and would not impose any imprisonment. I enclose herewith cheque of the Peace Office in reimbursement of the amount of fine levied, to wit, $200.

I also beg to enclose herewith account for services which I trust you will find in order."

Preventive Service seizure report 6487, covers the prosecution of Cohen under sub-section 2 of section 219 of the Customs Act for knowingly harbouring, etc., smuggled goods valued at $59.64, between the ninth of May, 1925, and the twenty-seventh of June, 1925.

December the nineteenth, Officer Knox reported to the Preventive Service, seizures 6288 and 6247, that Cohen appeared before Judge Enright for voluntary statement on the 16th of December and allowed trial by Jury at the next sitting of the Court of King's Bench sometime in February, 1926, and that bail in the amount of $2,500 was renewed. The Officer also suggested that the Preventive Service take up direct with Mr. Brais, the question of forcing Cohen to stand trial before King's Bench so that defence could not change option.

On December the twenty-third, the Preventive Service wrote Mr. Brais:—

"As you are aware B. J. Cohen appeared before Judge Enright on the 16th instant for voluntary statement and elected trial by jury which will be at the next session of the Court of King's Bench.

Please arrange with the Attorney General of the Province of Quebec, to issue his order that this case shall not be removed from the Court of King's Bench to a lower court. You will remember I spoke to you in this sense some time ago in Montreal."

On December the twenty-eighth, the Preventive Service reported to the Deputy Minister of the Department Cohen's prosecution as covered by Preventive Service Seizure 6487.

December the twenty-ninth, Mr. Brais wrote the Preventive Service in seizures 6288 and 6487, as follows:—

"I have written to the Attorney General of the Province of Quebec asking for the issue of the order in virtue of section 825, paragraph 5, of the Criminal Code of Canada, against Benjamin J. Cohen."

January the second, 1926, Mr. Brais wrote the Preventive Service:—

"I am this date in receipt of a communication from the Honourable L. A. Taschereau, ordering that the two charges against Cohen be tried by jury. I am immediately having them produced in the records in order that no option be allowed. *These cases should be heard in February.*"

The communication from the Honourable L. A. Taschereau reads as follows:—

"Department of The Attorney General, Quebec,
DECEMBER, 31st, 1925.

To Mtre F. PHILIPPE BRAIS,
Crown Prosecutor for the District of Montreal.

Sir,—The undersigned, the Honourable L. A. Taschereau, Attorney General for the Province of Quebec, does hereby require that the following charge, to wit:—

That at Montreal, said District, on or about the 7th day of October, 1925, Benjamin J. Cohen, Importer of the City and District of Montreal, did commit an indictable offence in that he did knowingly harbour, keep, conceal, purchase and sell goods unlawfully imported into Canada, said goods being dutiable, and whereon duties lawfully payable had not been

paid, the said goods being of a value exceeding $200, to wit, of a maximum value of $300.

The whole in contravention of subsection 3 of section 219 of the Customs Act of Canada, Chapter 48, Revised Statutes, 1906, as amended.

be tried by a jury and does so hereby require notwitshtanding that the person charged may have consented to be tried by a Judge under this part.

And the undersigned does hereby furthermore require that the following additional charge to wit:—

That at Montreal, said District, between the 27th day of June, 1925, and the first day of November, 1925, Benjamin J. Cohen, Importer, of the City and District of Montreal, did commit an indictable offence in that he did knowingly harbour, keep, conceal, purchase and sell goods unlawfully imported into Canada, said goods being dutiable and whereon duties lawfully payable had not been paid, the said goods being of a value exceeding $200, to wit, of a value of $5,761.37.

The whole in contravention of subsection 3, of Section 219 of the Customs Act of Canada, Chapter 44, Revised Statutes, 1906, as amended.

be tried by a jury and does so hereby require notwithstanding that the person charged may have consented to be tried by a Judge under this part.

(Signed) L. A. TASCHEREAU,
Attorney General."

January the eighteenth, the Preventive Service wrote the Department in seizueres 6346 and 6347:—

" The first of the above seizures covers charges against the Benco Silk Company in connection with goods smuggled into Canada by them, between the 1st May, 1925, and the 27th June, 1925, the value for duty of which was placed at $5,900.64 (more exactly $5,883.84).

Benjamin Cohen was prosecuted under subsection 2 of Section 219 of the Customs Act, the value of the goods shown as $5,900.64 in the information that was laid against him. Cohen pleaded guilty and was fined $200 and costs. This prosecution was reported under Preventive Service Customs Seizure No. 6487.

A certified true copy of the conviction is enclosed herewith, and I respectfully ask now for instructions with regard to taking action against Benjamin Cohen to recover the value of the goods in question, as provided under subsection 2 of Section 219 of the Customs Act."

Copy of the Judgment in these two seizures is on file and was received with a letter from the Montreal office of the Preventive Service dated the twenty-ninth of December.

February the ninth, 1926, Walter Duncan telegraphed the Preventive Service from Montreal, as follows:—

" Benjamin J. Cohen case adjourned until twenty-sixth. Defence counsel made application for commission to take evidence in New York."

February the eleventh, 1926, Officer Knox reported to the Preventive Service from Montreal in Seizure 6347:—

" With further reference to the above mentioned seizure and prosecution of B. J. Cohen, Montreal, I have the honour to advise you that the case against the accused was before the Grand Jury on the 1st instant and a True Bill returned against Cohen.

On the 3rd instant, he appeared in the Court of King's Bench before Judge Wilson and the date of the trial was set for the 9th. On the morning of the 9th, the accused appeared for trial again before Judge Wilson and his Counsel, J. Cohen, K.C., informed the Court that he was unable to proceed with the trial owing to the fact that certain witnesses from the Royal Silk Mills, New York, had failed to appear, although they had promised to do so up until the 7th instant; and that he found it impossible to sub-poena them and could not, because a sub-poena issued by a Canadian Court would have no bearing in the United States. In view of this, he asked for an adjournment, for the purpose of making an application for a Royal Commission to proceed to New York and there take the evidence of the parties in the Royal Silk Mills.

Mr. P. Brais, K.C., Crown Prosecutor, strongly objected to any adjournment in this case and informed the Court that the Crown was ready and he could not see how witnesses from the Royal Silk Mills would help the defence any. He pointed out to the Court that the evidence of the Crown would show that the Royal Silk Mills was a party to the smuggling of goods into Canada and he was not surprised that they refused to come to give evidence and, in view of this, he wondered how the defence could use them in any shape or form to their advantage, as it was indeed the Crown who would most desire their presence here.

Judge Wilson, however, stated that it was only fair that the defence should be allowed time to produce any witnesses which they required and any evidence which they could bring on behalf of their client and, in view of this motion made by the Defence Counsel, he thought it only right to afford him the opportunity to apply for a Royal Commission before the Superior Court and to make haste in doing so. Mr. Cohen, Counsel for the defence, informed the Court that application for a Royal Commission would be made immediately and that the defence would stand all expenses in connection with same. Judge Wilson granted the defence an adjournment until the 22nd instant, warning them that, in the meantime, they were to lose no time in obtaining their evidence in New York, as the case would proceed on the 22nd instant."

February the twenty-third Officer Knox reported to the Preventive Service from Montreal, as follows:—

"Re: P.S. Customs Seizures 6347-6288, B. J. Cohen.

"With further reference to the above numbered seizures and prosecution of B. J. Cohen, I have the honour to advise you that the trial of the accused in this case has been postponed until the next term of the Court of King's Bench, which will be in May next.

This trial was fixed for the 9th instant before the King's Bench, but Counsel for the Defence secured a postponement from Judge Wilson to permit a petition being presented before a Judge of the Superior Court for the appointment of a Rogatory Commission to proceed to New York, U.S.A., to obtain evidence of certain witnesses there for the defence.

On the 18th instant, a motion by Counsel for the Defence was made before a Judge of the Superior Court for a Rogatory Commission to proceed to New York, U.S. This was granted on the 19th instant and Mr. E. Ladouceur, Clerk of the Crown, was appointed Commissioner to proceed to New York.

This motion by the defence was strongly opposed by Mr. F. P. Brais, K.C., Crown Prosecutor, and I am attaching hereto a copy of Mr. Brais' counter motion which is self-explanatory.

Just when Mr. Ladouceur will proceed to New York is not known but a date will be set within the next few weeks which will be convenient to

prosecution and defence. It is Mr. Brais' intention to leave nothing undone when in New York which will assist the prosecution. It is also Mr. Brais' intention to take whatever silk we have seized to New York and have same identified, so that there will be no doubt as to its origin and from whom it was purchased.

I might say that the Defence has intimated to me that they have little hope of gaining anything through this Commission in New York that will help them any. It is simply a motion to delay the trial and nothing else. Indeed they admit so. It is understood however that all the cost of such commission will be against the Respondent.

A further report will follow in due course when a date is definitely set for the Commission to proceed to New York."

Copy of the Motion referred to, dated February 18th, and also copy of a letter written by Mr. Brais to Officer Knox, read as follows:—

"MONTREAL, February 19th.

JAMES EDWARD KNOX, Esq.,
29 Crescent Street, Montreal.

SIR,—Re: Benjamin J. Cohen: Herewith enclosed copy of Motion presented by myself to meet the Motion for Rogatory Commission made on behalf of Cohen. These Motions were granted to-day.

You shall be further advised of the date fixed to examine these people."

"Province of Quebec, District of Montreal, Superior Court.

His Majesty the King, Petitioner, vs. Benjamin J. Cohen, Respondent.

Motion by and on behalf of the Crown,

(1) Whereas the Respondent herein has made Motion for Rogatory Commission;

(2) Whereas the said Rogatory Commission is not in the interests of justice and the Crown does not consent thereto;

(3) Whereas in the event that this Honourable Court do grant the aforementioned petition it shall then become necessary for the Crown to interrogate other witnesses to properly control the evidence of those mentioned in said above mentioned petition;

(4) Wherefore, and under reserve of the foregoing, it is humbly prayed that it may please this Court to order, in the event that Respondent's petition be granted, that the following persons be interrogated in the same manner, before the same Commissioner, and at the same time as those mentioned in said aforementioned petition—to wit:—Moses Rosenbaum, Emil Telbium, F. C. Stember, Morris Rosenbluth, Emil Teiberhaum, Morris D. Kornhauser; and the President, Secretary, Treasurer, Manager and Bookkeeper of the Royal Silk Mills at 465 Fourth Avenue, New York City; and Benjamin Ernstein, President; David Sherr, Vice President; Ivan Sherr, Secretary and Treasurer, and one Kaplin, also the Manager and Bookkeeper of Bernard Phillips & Co. Incorporated, at 95 Madison Avenue, New York City; and Nathan Bashkind, and the President, Secretary-Treasurer, Manager and Bookkeeper of the Republic Textile Company at No. 6 West 32nd St., New York City; and Arthur Kreeger and Irving Kreeger of Kreeger Bros., 470 Fourth Avenue, New York. All in the State of New York, one of the United States of America.

The whole with costs against Respondent.

(Signed) F. P. BRAIS,
Crown Prosecutor for the District of Montreal.

Montreal, February 18, 1926."

Copy of the report from Officer Knox dated February the twenty-third 1926 in Preventive Service seizures 6288 and 6347 was transferred to the Deputy Minister of the Department on February 26th.

On April the twentieth 1926 Mr. Brais wrote the Preventive Service office in Montreal enclosing copy of a Motion in re Benjamin J. Cohen. The Motion reads:—

"Province of Quebec. District of Montreal.
Superior Court: Benjamin J. Cohen Accused, Petitioner
and—The KING.
Motion by and on behalf of the Crown.

1. WHEREAS by Judgment of this Honourable Court dated the 19th of February 1926 order did issue granting a Rogatory Commission addressed to Maitre E. A. B. Ladouceur, K.C. Clerk of the Crown for the District of Montreal, authorizing him to receive the answers of the witnesses mentioned in the Petition of the said Benjamin J. Cohen, as well as those mentioned in the Petition on behalf of the Crown.

2. WHEREAS no date was fixed for the return of said Petition;

3. WHEREAS the said Petitioner, Benjamin J. Cohen has shown diligence in causing the said Commission to issue or in proceeding to the interrogation authorized;

WHEREFORE prayer is made that this Honourable Court to order the said Rogatory Commission returnable on or before the 30th day of April 1926, failing which the said Petitioner be declared to have forfeited his right to the said Commission, the whole with costs.

Montreal, April 20th, 1926.
(Signed) F. P. BRAIS,
Crown Prosecutor for the District of Montreal."

On March the fourth the General Executive Assistant of the Department wrote the Preventive Service re Seizure 37404/6347, as follows:—

"I beg to acknowledge the due receipt of your letters of the 18th January and the 23rd February, in connection with the above numbered seizure and charges against The Benco Silk Company.

Referring to your letter of the 18th January, you are instructed to have action brought against The Benco Silk Company or Benjamin Cohen, to recover double value of all goods not found and value of goods found, as provided in Sections 206 and 219. You will employ the same Solicitor as has been employed on the prosecutions, and it will be for him to determine whether the defendant in this action should be The Benco Silk Company or Cohen, or both, and whether the claim should be based upon Section 206 or 219. I would assume that both Sections might be invoked in a civil action."

On April the twenty-sixth the Preventive Service, Ottawa, wrote the office of the Preventive Service in Montreal in connection with Seizure 37404/6347, as follows:—

"On the 4th ultimo the Department wrote to me as follows:

'I beg to acknowledge the due receipt of your letters of the 18th January and the 23rd February, in connection with the above numbered seizure and charges against the Benco Silk Company.

Referring to your letter of the 18th January you are instructed to have action brought against The Benco Silk Company or Benjamin Cohen, to recover double value of all goods not found and value of goods found, as provided in Sections 206 and 219. You will employ the same Solicitor as has been employed on the prosecutions, and it will be for him to determine whether the defendant in this action should be The Benco Silk Company

or Cohen, or both,and whether the claim should be based upon Section 206 or 219. I would assume that both Sections might be invoked in a civil action."

Action in this matter has been delayed on account of Mr. Knox having been engaged to a large extent in connection with the Committee of Investigation. However, you are instructed to have him take this matter up now in accordance with the above and to have brought on the action that is called for by the Department, this to be after it has been carefully considered by Mr. Brais, who was employed in connection with the prosecution of Cohen, and institute the action in accordance with the course determined upon by Mr. Brais."

On April the thirtieth the General Executive Assistant of the Department wrote the Preventive Service in seizures 6331 and 6359:—

"Will you please request the Seizing Officer to report as to whether or not from the information in his possession he considers that the Dominion Dress Mfg., Co. and Miladi Dress Co. were aware when purchasing the goods covered by the above numbered seizures that same had been smuggled into Canada. Please have the Officer make such report regarding the firms from whom all seizures were made of goods which had been purchased from the Benco Silk Company."

May the seventh the Preventive Service, Ottawa, wrote the office of the Preventive Service in Montreal, in seizures 6331 and 6359:—

"The first of the above numbered seizures relates to eight pieces of silk fabric that were seized in October last by Officer Knox from the Dominion Dress Manufacturing Company, Limited, 1435 Bleury Street, Montreal. These goods were purchased from the Benco Silk Company and the charge is that they were smuggled into Canada. The second seizure relates to two pieces of silk seized by Officer Knox in October from Miladi Dress Company, 1435 Bleury Street, Montreal, which were similarly purchased from the Benco Silk Company and alleged to have been smuggled.

On the 30th ultimo I was instructed by the Department to obtain from the Seizing Officer a report as to whether or not from the information in his possession he considers that the Dominion Dress Manufacturing Company and Miladi Dress Company were aware when purchasing the goods covered by these respective seizures that same had been smuggled into Canada.

I have further been instructed by the Department to obtain from the Seizing Officer similar reports regarding other firms from whom seizures were made of goods purchased from the Benco Silk Company:—

Preventive Service Customs Seizure 6358 covers one piece of silk so purchased by the Model Dress Company, 282 St. Catherine St., West, Montreal.

Preventive Service Customs Seizure 6357 relates to two pieces of silk so purchased by the Clarence Dress Company, 425 Phillip Square, Montreal.

The above would appear to be all the seizures in question. Please let me have the reports required as soon as can conveniently be done."

On May the eleventh the Department's legal agent, Mr. Brais, wrote the Preventive Service re Benjamin J. Cohen:

"As you have been advised a motion was made on behalf of the Crown in order to fix the 30th day of April as the last day for return of Rogatory Commission in this matter. This Motion was granted. No effort was made, even after the motion and before the 30th of April, to proceed with the Rogatory Commission.

On the 8th of May, however, I received an inscription in Appeal on behalf of the accused against the judgment fixing a delay to return the Rogatory Commission.

The accused was again placed in accusation this morning upon the return of Indictment by the Grand Jury, but Mtre Cohen, on his behalf, pleaded that the matter of Rogatory Commission had not yet been settled by the Civil Courts.

As I wish, if possible, to devise some means to overcome these proceedings, I notified the Court that I was not in a position to argue to-day the application for further adjournment and insisted that the case be placed on the roll "pro forma" for the 27th of this month, at which date I notified the Court that I would submit reasons for proceeding this term, notwithstanding the farce of the application for Rogatory Commission and appeal before the Civil Courts."

May the nineteenth Officer Knox reported from Montreal in seizure 6331 and 6359, as follows:

"In reply to Chief Wilson's letter of the 7th instant, respecting the above mentioned seizures, I have the honour to advise you that the first of the above mentioned seizures does relate to eight pieces of silk seized by myself from the Dominion Dress Company, Ltd., 1435 Bleury St., Montreal on October 27th, 1925, and sold to them by B. J. Cohen on September 3, 1925. These goods are undoubtedly smuggled into Canada by B. J. Cohen, President of the Benco Silk Co., New Birks Building, Montreal, Que., were admitted by Mr. Nobleman, Manager of Dominion Dress Company, Ltd., American goods. These goods were traced back to Benco Silk Company, Ltd., who could show no Customs entries for same. B. J. Cohen admitted they were part of a consignment of smuggled silks.

In my judgment, after investigation of this matter at the time of seizure, I am satisfied that the Dominion Dress Co., Ltd., well knew that these goods were smuggled. Mr. N. Nobleman, of the Dominion Dress Co., Ltd. knew B. J. Cohen to be a smuggler and must have known when buying said goods that same were of American origin. It must be remembered that Nobleman is one of the shrewdest dress manufacturers in Montreal, did a lot of smuggling himself and well knows the difference between American and Canadian silks. Why the very invoices made out by B. J. Cohen, President of Benco Silk Company, clearly show when selling these goods that all identification of said goods was left off the invoices. In other words, the piece numbers, which is the only identification for the goods were in all cases left off by Cohen, so that anyone checking them up could not trace same and be it remembered the Dominion Dress Co. Ltd. accepted said invoices made out in this manner.

I notice that B. J. Cohen, of the Benco Silk Co. Ltd. has made no claim for said goods. I think the only recourse for the Dominion Dress Company to take is against the Benco Silk Company for the recovery of the value of the goods seized. I understood from B. J. Cohen himself that Mr. Nobleman of the Dominion Dress Co., Ltd. had taken action against him to recover the value of goods seized. Cohen asked me for the yardage of goods seized from Dominion Dress Co., Ltd., which I gave him and he was to recoup Mr. Nobleman for the amount.

In regards to seizure No. 6359, covering two pieces of silk from the Miladi Dress Company, Wilder Bldg., Montreal, I humbly offer the same explanation as in the case of the Dominion Dress Company, Ltd. and the same will also apply to seizures 6358 and 6357 respectively.

All the dress manufacturers from whom the aforegoing goods were seized are well known handlers of smuggled goods, or were at the time. They themselves were a little frightened to do the actual smuggling, but encouraged others, like B. J. Cohen, and once the goods arrived in Montreal, they naturally thought that they were quite safe in buying same, knowing full well they could always fall back on the seller in Canada, in case seizures were made. Indeed let me say right here that all these dress manufacturers mentioned are of the opinion that they are protected from prosecution because they have always paid market price for the goods which they purchased. This is their argument but as a matter of fact they were buying silk goods from B. J. Cohen from 10 cents to 15 cents cheaper per yard than if they themselves had gone to New York and purchased same and put it through Customs. It would also have cost them 10 cents to 15 cents a yard more buying local Canadian made silk which was not of the quality or as good that they got from B. J. Cohen. They all knew the quality and colours of goods they were getting from B. J. Cohen always seasonable goods and a little cheaper than they themselves could have bought same in New York.

Indeed I would strongly recommend that all those goods be forfeited irrespective of who suffers and we can rest assured that they will all fall back on B. J. Cohen of the Benco Silk Company, Ltd.

As a matter of fact the goods seized from the Miladi Dress Company, Clarence Dress Company and Model Dress Company cannot be released for the present, these goods are for exhibits in the Criminal proceedings now instituted against B. J. Cohen.

There is no charge against Cohen for the goods seized from Dominion Dress Co., Ltd., these goods could not be traced on the New York invoices, hence the reason for no charge. B. J. Cohen admitted they were smuggled through. These goods we suspected came from the Royal Silk Mills, N.Y., and admitted by Cohen, but the Royal Silk Mills refused to give us any information or invoices of any kind. Therefore we could not check up the purchases made by Cohen from this firm although Cohen admitted buying heavy from this firm and was assisted by them in his smuggling business."

On May the twenty-first the Preventive Service transferred to the Deputy Minister of the Department copy of the report made by Officer Knox on the nineteenth of May in seizures 6331; 6357; 6358 and 6359.

The Preventive Service wrote the Department's legal agent, Mr. Brais, on May the twentieth, as follows:

"I beg to acknowledge receipt of the letter which you addressed to Mr. G. E. M. Hunter, Officer in charge, Preventive Service, Montreal, on the 11th instant, respecting the prosecution of Benjamin J. Cohen. Press this matter with all possible despatch as too much time has been lost with it already. Please exercise your utmost endeavour in this regard."

May the twenty-first Mr. Brais wrote the Preventive Service:

"I beg to acknowledge receipt of your communication of the 20th instant with reference to the prosecution against Benjamin J. Cohen.

You may rest assured that everything possible will be done to bring this matter to a head."

Mr. BELL: Is that all of it, Mr. Calder?

Mr. CALDER, K.C.: That is all, Mr. Bell. I may say that my instructions are that the assizes beginning in May are closed, and this case has not been tried.

Mr. BELL: There is something I want to ask you in regard to this case, Mr. Calder. I think I have followed you pretty carefully, as you were reading

the document. Was any explanation ever offered as to why this man, a notorious smuggler, had so much influence with these police that after the warrant had been executed, and his body delivered to them, he was liberated over night?

Mr. CALDER, K.C.: There is nothing on the file, although I may say, Mr. Bell, that it is not an unusual occurrence. Usually counsel are allowed to communicate with the accused. Thereupon counsel may make arrangements with the judge, who may, or may not refuse to have an arraignment forthwith, as if the judge were in the court house at the time. Therefore, he issues instructions to the police, to have the man in custody brought to him and arraigned. You will easily understand that there are many occasions where confinement in custody over night might be a very serious matter.

Mr. BELL: I understand quite well that it might be a serious matter to some, but I did not get from you any information that this man was taken in custody before the judge, and I gathered from what you did read to us, that the police affected not to know what had become of him after he was delivered into their hands.

Mr. CALDER, K.C.: He was brought before the judge in custody, and arraigned at once, that is to say, he was brought in custody before the judge, the charge was read to him, and he was then liberated. But there is no explanation forthcoming on the part of the police as to why those men should have gone through the motions of searching for him.

Mr. BELL: But it does not say how he got to the judge's house, does it?

Mr. CALDER, K.C.: It does not say how he was brought there, but he must have been in custody, or he would not have gone there at all.

Mr. BELL: That is a favourable surmise, is it not?

Mr. CALDER, K.C.: That is the procedure followed, I think.

Hon. Mr. STEVENS: There are some other files, Mr. Calder, or similar ones, are there not?

Mr. CALDER, K.C.: Yes, I may say that Mr. Wilson has just produced a letter reporting the present state of affairs, which I will read into the record. (Reads):

"Re *P.S. Customs Seizures Nos. 6347 and 6288, B. J. Cohen, Montreal*

THE PREVENTIVE SERVICE,

MONTREAL, May 31, 1926.

File No. 11739

G. E. M. HUNTER, Esq.,
Officer in Charge,
Preventive Service,
Montreal.

SIR,—In further reference to the above mentioned seizures, and prosecution of B. J. Cohen, Montreal, I have the honour to advise you that the trial of the above-named party has been adjourned until the next sitting of the Court of King's Bench, which will take place on September 10th next. The reason for this adjournment is the fact that counsel for the accused has gone into Courts of Appeal against a motion on behalf of the Crown made by F. P. Brais, K.C.; counsel representing the Customs Department, in which he tried to force the defense to proceed to New York with a Rogatory Commission, making said Commission returnable not later than April 30th last. In view of this appeal entered by the defense, Judge Wilson held that he could not proceed until this

case was settled in the Appeal Court, and granted the postponement. I might say that since the aforegoing seizures were effected and the accused placed before the Court, he has been arrested on another charge of having smuggled goods in his possession, by the Mounted Police, on the 20th instant. The value of the goods seized by the Mounted Police, I am credibly informed amounts to $950 worth of silk. Cohen when arrested gave his name as Jack Benjamin, Montreal, and is again before the courts.

I have the honour to be, sir,

Your obedient servant,

J. E. KNOX,

Customs-Excise Enforcement Officer."

Hon. Mr. STEVENS: That is, this same notorious smuggler has been arrested while this other charge was outstanding and pending against him?

Mr. CALDER, K.C.: Yes.

Hon. Mr. STEVENS: After going through all those motions for changing or adjourning the trial?

Mr. CALDER, K.C.: Yes.

The CHAIRMAN: Now, I would like to put into the record a statement I have here. It is from the Customs and Excise, Canada.

"GAUGERS' DIVISION,

PORT OF MONTREAL, April 14, 1926.

A recapitulation of the quantity of liquors and wines imported through the Gaugers' Division at Montreal for three years. The quantities are shown in gallons, and also the number of packages gauged and tested. (barrels, casks, etc.).

Year 1923-24

	Gallons
Brandies	129,874
Whiskies	231,576
Wines and Vermouths	691,061
Gin	92,619
Rum	44,244
Alcohol	573
Chinese Spirits	1,722
Cordials	16,479

Total number of packages tested and gauged 17,772.

Year 1924-25

	Gallons
Brandies	75,491
Whiskies	145,163
Wines and Vermouths	449,195
Gin	65,786
Rum	30,771
Alcohol	567
Chinese Spirits	91½
Cordials	16,300

Total number of packages 16,970.

Year 1925-26

	Gallons
Brandies	95,156
Whiskies	166,833
Wines and Vermouths	386,571
Gin	90,036
Rum	23,079
Alcohol	None
Chinese Spirits	None
Cordials	10,413

Total number of packages 13,962.

R. P. DAIGLE,
Chief Gauger."

This statement has been already produced, but I would like to have it read into the record, and have it printed, after which it will be returned to the secretary.

Hon. Mr. STEVENS: This is just produced and handed in to be printed, but not read.

The CHAIRMAN: Exactly.

ALBERT E. NASH recalled.

By Mr. Calder, K.C.:

Q. Mr. Nash, will you produce the ninth interim report of Clarkson, Gordon & Dilworth to the Committee?—A. Yes, I have it here.

Q. You produce it as an exhibit to be filed?—A. Yes.

Mr. CALDER, K.C.: This will be Exhibit No. 206, and it will be extended into the record.

"OTTAWA, 1st June, 1926

To the CHAIRMAN,
Special Committee,
Investigating the Administration of the
Department of Customs and Excise,
Ottawa.

SIR,—As auditors to your Committee, we beg to submit our ninth interim report.

This report deals with the examination of the bank accounts of Mr A. F. Healy, of Windsor, Ontario.

Mr. Healy produced for our inspection, his bank account at the Royal Bank of Canada, Windsor, Ontario, from October, 1916, to February, 1926, together with cheques and deposit slips on this account, for the period 1st January, 1923, to date. We have also been given access to the books of Messrs. Healy, Page and Chappus, of which firm Mr. Healy is a member.

We examined Mr. Healy's account, and the vouchers produced with it, and discussed with Mr. Healy and with the book-keeper of Healy, Page & Chappus certain items about which we desired more information.

The moneys deposited in Mr. Healy's account in the three years covered by the examination, consisted of salary and dividends from companies in which he was either a director or a partner, proceeds of sales of property and other assets, sessional indemnity, income from investments, and miscellaneous receipts.

The payments made by Mr. Healy from his bank account included investments, repayments of loans, personal expenses, and miscellaneous items.

Mr. Healy's book-keeper provided us with a statement in which was set out details of receipts and payments for the period. As the greater portion of the receipts on this statement were received from the firm of Healy, Page & Chappus, we compared the statement with the books of this firm and with the exception of a few items amounting in all to $5,670 the statement agrees with the books.

In view of the number and size of the amounts received from Healy, Page & Chappus, we made special inquiry into the sources of revenue from that company, and found nothing in them that appears to call for special comment in this report.

The 'miscellaneous' receipts contain certain items about which we have not been able to obtain any details with the exception of explanations given to us by Mr. Healy. Similarly, the 'miscellaneous' payments contained items about which the only explanation, with the exception of the cancelled cheques, has been that given by Mr. Healy. These miscellaneous payments included many large sums of money transferred to Mrs. Healy, amounts which Mr. Healy states were forwarded to her in California and used for the purpose of purchasing a home and to cover her living expenses. We have not seen Mrs. Healy's bank account, nor have we received any confirmation of these transfers other than Mr. Healy's explanation.

In addition to the amounts recorded in the bank account as received, Mr. Healy's book-keeper has submitted a statement showing receipts not deposited in the bank account amounting to $30,064.05. These moneys appear to have been received from the same sources as those deposited in the account with the addition that they contain certain amounts received by Mr. Healy by way of legal fees.

Mr. Healy explained that he did not always deposit the moneys received by him in his bank account, but used them for the purposes of investments and for travelling expenses and sundry out-of-pocket expenses.

We think we should report a payment of $31,573.94 on 14th November, 1924, to Messrs. Flemming, Drake & Foster, Barristers, which payment Mr. Healy states was in connection with a judgment in the case of Cooper vs. O'Gorman.

We prepared an abstract of receipts and payments for the three years covered by our examination, but do not think it necessary to attach it to this report.

Respectfully submitted,

CLARKSON, GORDON & DILWORTH.

AEN; S/C."

The Committee adjourned until Thursday, June 3rd, 1926, at 10.30 a.m.

EXHIBIT No. 207

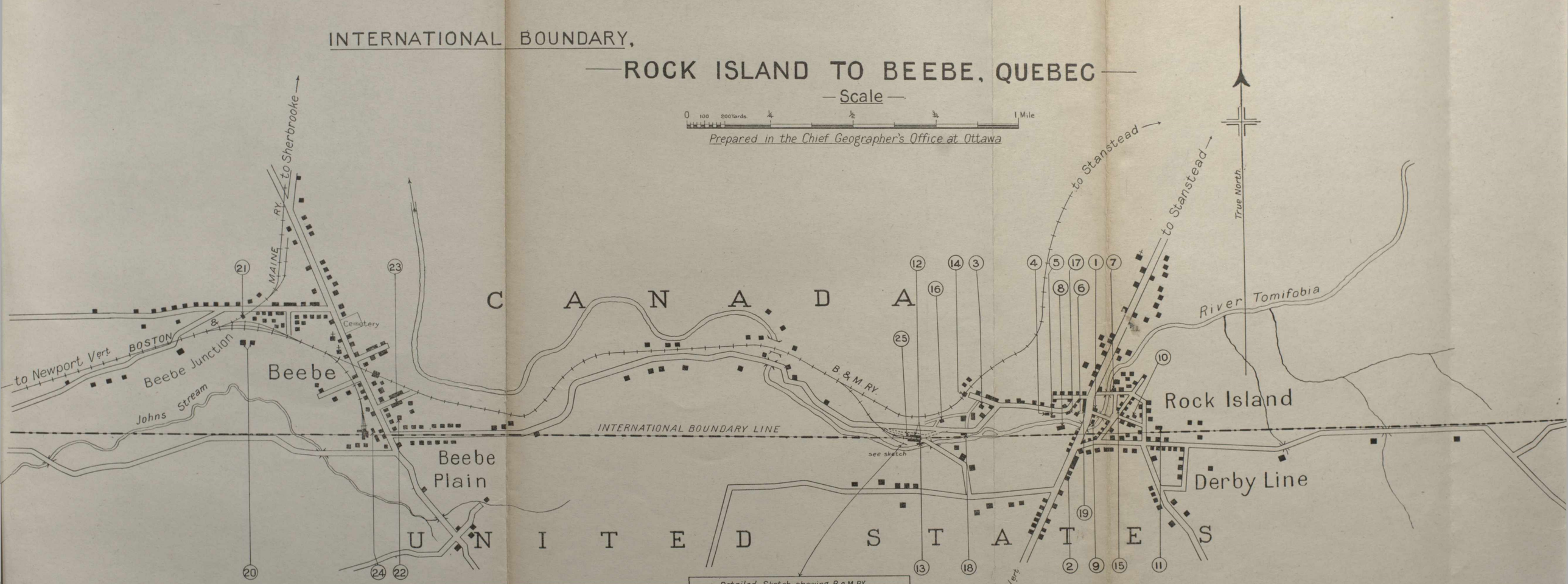
INTERNATIONAL BOUNDARY,

—ROCK ISLAND TO BEEBE, QUEBEC—

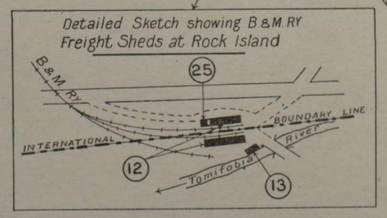
— Scale —

0 100 200 Yards ¼ ½ ¾ 1 Mile

Prepared in the Chief Geographer's Office at Ottawa



Detailed Sketch showing B. & M. RY Freight Sheds at Rock Island



—EXPLANATION TO NUMBERS—

1 Canadian Customs. Main Road
2 United States Customs
3 Jenkins Overall Limited
4 Peerless Overall Company
5 Telford and Chapman
6 J. B. Goodhue Company
7 R. and G. Manufacturing Company
8 Lay Whip Company
9 Rock Island Overall Company
10 J. A. Gilmore Company
11 Globe Suspender Company
12 Freight Sheds B. & M. Railway
13 Jenkins U.S. Warehouse
14 Passenger Railway Station
15 Rock Island Post Office and Canadian Customs House
16 Telford Brothers Garment
17 Reliable Garments Limited
18 Butterfield Manufacturing Company
19 Standard Manufacturing Company (Pike)
20 Beebe Junction Freight Sheds
21 Passenger Station B. & M. Ry. Beebe Junction
22 B.B. Glove Company Limited
23 Snag Proof Limited
24 Perfecto Overall Company
25 Canadian Customs Office

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 59—THURSDAY, JUNE 3, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. R. B. Teakle, Manager, Canadian Government Merchant Marine, Montreal.
Mr. A. E. Nash, of Clarkson, Gordon & Dilworth, Toronto.
Mr. Joseph Kellert, Ex-Customs Officer, Montreal.
Mr. Arthur Laing, Assistant Inspector, Customs-Excise, Montreal.
Mr. Charles E. Stone, Sales Tax Inspector, Perth, Ont.
Mr. Nathaniel Knight, Sub-Collector of Customs, Rock Island, Que.
Mr. John F. Paquette, Customs Officer, Rock Island, Que.
Mr. E. Brownlee, Collector of Customs, Beebe, Que.
Mr. D. F. Moranville, Customs Officer, Beebe, Que.
Mr. A. F. Holmes, Customs Officer, Rock Island, Que.
Mr. J. H. Bryce, Public Accountant, Sherbrooke, Que.
Mr. Marvin A. Sawyer, Customs Officer, Rock Island, Que.
Mr. Lyman House, President & Manager, B. B. Glove Company, Ltd., Beebe, Que.
Mr. Francis W. Cowan, Customs Officer, Ottawa, Ont.
Mr. V. A. Davis, Sec.-Treas. B. B. Glove Co., Ltd., Beebe, Que.
Mr. W. V. Poaps, Secretary, J. R. Goodhue Co. Ltd., Rock Island, Que.
Mr. P. M Poaps, President, J. B. Goodhue Co. Ltd., Rock Island, Que.
Mr. W. J. Gilmore, James Gilmore & Co., Rock Island, Que.
Mr. H. F. Gilmore, James Gilmore & Co., Rock Island, Que.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1926

EXHIBITS FILED

No. 207—Map of Rock Island District.

No. 208—Report dated September 19, 1924, from Mr. Kellert to Mr. Bisaillon, with attached papers, re investigation made as to smuggling at Rock Island, Que.

No. 209—Letter dated June 5, 1924, from Mr. Knight, Sub-Collector of Customs, Rock Island, Que., to Mr. Brownlee, Collector of Customs, Beebe, Que., reporting prevalence of smuggling.

No. 210—Declaration dated Rock Island, March 25, 1925, of Eastern Apparel Co., re sales by that company to Jenkins Overall Co.

No. 211—Plan of Beebe, Que., taken from Customs Preventive Service File, No. 11461.

MINUTES OF PROCEEDINGS

THURSDAY, 3rd June, 1926.

The Committee met at 10.30 a.m., Mr. Mercier, the Chairman, presiding.

Present: Messrs. Bell, Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Père, and Stevens.—8.

Committee counsel present: Messrs. Calder and Tighe.

The minutes having been read, Mr. Calder stated that he had not read each of the precis prepared by W. F. Wilson, but only one viz., re File No. 125669, seizure from Benjamin J. Cohen and Dominion Dress Manufacturing Co., Montreal, Que. The minutes as amended were adopted.

A telegram was received from Mr. C. B. Alexander of Toronto, stating that he could not possibly attend to-day as a witness, but he would be present to-morrow.

At the suggestion of the Auditors to the Committee, Ordered,—

1. That the books of the Dominion Distillery Products Co., Ltd., in the possession of the Auditors to the Committee, and not filed as exhibits, be now returned to Montreal.
2. That the books and records of W. George Ltd., be returned to Montreal.
3. That the books and records of W. J. Hushion be returned to Montreal.

A telegram was received from Mr. Oscar Gagnon, K.C., of Montreal, stating that Mr. Bisaillon summoned to appear as a witness to-day is out of town but will attend the Committee on Tuesday morning.

Moved by Hon. Mr. Stevens,—That Mr. R. P. Sparks of Ottawa be summoned to appear as a witness on Tuesday, 9th June, at 10.30 a.m.

Motion agreed to.

The Chairman called the names of the witnesses summoned to appear to-day. The following witnesses did not respond, viz.:

1. Mr. J. A. E. Bisaillon, Montreal.
2. Mr. Alfred Bissonnette, Rock Island, Que.
3. Mr. Allan J. Moore, Rock Island, Que.
4. Mr. C. J. Marois, Rock Island, Que.
5. Mr. C. R. Jenkins, Rock Island, Que.
6. Mr. T. O. Chapman, Rock Island, Que.
7. Captain Tremblay, Quebec.

The witnesses in attendance were requested to retire.

Mr. R .B. Teakle, Manager, Canadian Government Merchant Marine, Montreal, was called, sworn, and examined as to the whereabouts of the log-book of the ship "Prince Albert".

Witness discharged.

Smuggling at Rock Island, Que., and adjacents points

The following witnesses were called, sworn and examined:

Mr. A. E. Nash, of Clarkson, Gordon and Dilworth, Chartered Accountants, Toronto. Witness produced the Tenth Interim Report of the Auditors to the Committee, re fifteen companies operating in Rock Island, Que., and district, and filed,—

Exhibit No. 207—Map of Rock Island District.

Witness retired.

Mr. Joseph Kellert, Ex-Customs Officer, Montreal.

Mr. Calder filed,—

Exhibit No. 208—Report dated September 19, 1924, from Mr. Kellert to Mr. Bisaillon, with attached papers, re investigation made as to smuggling at Rock Island, Que.

Witness retired.

Mr. Arthur Laing, Assistant Inspector, Customs-Excise, Montreal.

Witness retired.

Mr. Charles S. Stone, Sales Tax Inspector, Perth, Ont.

Witness discharged.

Mr. Nathaniel Knight, Sub-Collector of Customs, Rock Island, Que.

Mr. Calder filed,—

Exhibit No. 209—Letter dated June 5, 1924, from Mr. Knight, Sub-Collector of Customs, Rock Island, Que., to Mr. Brownlee, Collector of Customs, Beebe, Que., reporting prevalence of smuggling.

Witness discharged.

The Committee rose at 1 p.m.

The Committee resumed at 2.30 p.m.

The following witnesses were called, sworn and examined:—

Mr. John F. Paquette, Customs Officer, Rock Island, Que.
Witness discharged.

Mr. E. Brownlee, Collector of Customs, Beebe, Que.
Witness retired.

Mr. Joseph Kellert, ex-Customs Officer, Montreal.
Witness discharged.

Mr. E. Brownlee, Collector of Customs, Beebe, Que.
Witness retired.

Mr. D. F. Moranville, Customs Officer, Beebe, Que.
Witness discharged.

Mr. E. Brownlee, Collector of Customs, Beebe, Que.
Witness discharged.

Mr. A. F. Holmes, Customs Officer, Rock Island, Que.
Witness discharged.

Mr. Arthur Laing, Assistant Inspector, Customs-Excise, Montreal.

Mr. Calder filed,—

Exhibit No. 210—Declaration dated Rock Island, March 25, 1925, of Eastern Apparel Co., *re* sales by that company to Jenkins Overall Co.

Witness discharged.

Mr. J. H. Bryce, public accountant, Sherbrooke, Que.

Witness discharged.

Mr. Marvin A. Sawyer, Customs Officer, Rock Island, Que.

Witness discharged.

Mr. Lyman House, president and manager, B. B. Glove Company Ltd., Beebe, Que.

Mr. Calder filed,—

Exhibit No. 211—Plan of Beebe, Que., taken from Customs Preventive service file No. 11461.

Witness discharged.

Mr. Francis W. Cowan, Customs Officer, Ottawa, Ont.

Witness discharged.

Mr. V. A. Davis, sec.-treas., B. B. Glove Co. Ltd., Beebe, called but not sworn.

Witness discharged unheard.

Mr. W. V. Poaps, secretary, J. B. Goodhue Co. Ltd., Rock Island, Que.

Witness discharged.

Mr. P. M. Poaps, president, J. B. Goodhue Co. Ltd., Rock Island, Que., was called but not sworn.

Witness discharged unheard.

Mr. W. J. Gilmore and Mr. H. F. Gilmore, of James Gilmore & Co., Rock Island, Que.

Witnesses retired.

The Committee rose at 6 p.m., until 7.30 p.m.

NOTE—Evidence taken after 7.30 will appear in the next number.

MINUTES OF EVIDENCE

THURSDAY, June 3, 1926.

The Special Committee appointed to investigate the Department of Customs and Excise, and charges relating thereto, met at 10.30 A.M., the Chairman, Mr. Mercier, presiding.

Mr. CALDER, K.C.: May I make one correction in the minutes, Mr. Chairman? After mentioning certain precis, the minutes say that I read "these precis." I read the first of these precis.

The CHAIRMAN: The correction will be made accordingly.

Mr. CALDER, K.C.: I would suggest, Mr. Chairman, that the list of witnesses called for to-day be read over, in order that we may see who are present and who are not, and also that such witnesses as are here, connected with the Rock Island affairs, be excluded from the room while testimony is being taken.

(List of witnesses was then read).

R. B. TEAKLE called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Teakle, are you the manager of the Canadian Government Merchant Marine?—A. I am.

Q. Did you have in the fleet a ship called the "Prince Albert" lying on the Pacific coast?—A. Prior to October 5, 1923, yes.

Q. Prior to October 5, 1923. Was she sold at that date?—A. We disposed of her by sale.

Q. To what company?—A. To a company called "Western Freighters Limited, Vancouver."

Q. Have you any idea whether the ship is still in the possession of that company?—A. I really do not know.

Q. At any rate, there is one thing absolutely certain, that you have not the log of that vessel for 1924?—A. No.

Q. And you do not know where it is?—A. I do not. We disposed of her.

Mr. CALDER, K.C.: Mr. Teakle may now be discharged.

Witness discharged.

Mr. CALDER, K.C.: I want a general order to exclude all the Rock Island witnesses. They may go into the smoking-room.

The CHAIRMAN: All witnesses summoned for this morning, who have responded to the call of the Chair, will be required to stay outside this hall, and remain in the smoking-room until called for. If they have any authority for anybody to represent them, they may intimate it.

Witnesses retired.

Mr. CALDER, K.C.: The procedure proposed, Mr. Chairman, is as follows: To call Mr. Nash and have him justify his report, and proceed as far as the first firm mentioned, then read the report on that firm, and take the witnesses concerning that firm.

The CHAIRMAN: I think we can all agree with that.

Hon. Mr. STEVENS: May I make one suggestion, that is, while we read only that first part, the whole report should be printed intact.

Mr. CALDER, K.C.: Yes. The report will be printed as a whole immediately, but it will be understood that we will deal with it in sections by testimony.

ALBERT E. NASH recalled.

By Mr. Calder, K.C.:

Q. Mr. Nash. you are already sworn?—A. Yes.

Q. Acting under instructions from the Committee, did you make an examination of the books of several firms at Rock Island?—A. Yes, some fifteen firms.

Q. Have you drawn up a report which you style the tenth interim report re companies in Rock Island, Quebec, and neighbouring points?—A. Yes, sir.

Q. Does that include all the firms you were instructed to inquire into?—A. That includes only ten of the fifteen; the balance, namely, five firms will be reported upon possibly before we are finished with this section. It was not possible last night to get the report on the whole fifteen firms typewritten and completed. We did what we could for to-day, and the other five firms will be in your hands some time before the day is out.

Q. Did you have any difficulties in securing the records of any of these firms?—A. We had a great deal of difficulty in securing the records of some of these firms.

Q. Do you mention those difficulties in the report?—A. I mention the difficulties in this report.

Q. Is your report a correct statement of the difficulties you had, and of the results you got by examining such records as were furnished?—A. Yes; that is right.

Mr. CALDER, K.C.: Mr. Chairman, I will now proceed to read into the record the tenth interim report of Messrs. Clarkson, Gordon & Dilworth, re companies in Rock Island, Quebec, and neighbouring points. It is dated at Ottawa, June 3, 1926, and reads as follows. (Reads):

"OTTAWA, 3rd June, 1926.

To the Chairman,
Special Committee,
Investigating the Administration of
The Department of Customs and Excise,
Ottawa, Ont.

SIR,—As auditors to your Committee we beg to make our tenth (10) interim report.

This report deals with the investigation of the books, accounts and records of fifteen companies or concerns operating in Rock Island, Beebe and Stanstead in the Province of Quebec.

We have divided this report into the following three sections:

(a) General conditions in Rock Island, Beebe and neighbouring points as disclosed by Freight, Express and Customs records.
(b) Goods manufactured and shipped to border points by companies in the United States who are stated to have prison contracts.
(c) Reports on individual companies.

As the books and records of many of the companies we were instructed to examine were not complete we applied to your Committee for authority to examine freight and express records at the various railway points in the neighbourhood of Rock Island. Permission was obtained from the Boston & Maine Railroad Company, the American Express Company and the Canadian Pacific Railway to examine their records at points which appeared to us to be important.

Goods shipped over the Boston & Maine Railway line to Derby Line, Vt., come into Canada to Beebe Jct. from where they go over a.

stub line running to Rock Island, Que., and Derby Line, Vt., crossing the border back into the United States at the latter point and being released at that point from Canadian bond. No other railway runs out of Derby Line and goods shipped from there have to go back over the stub line to Beebe Jct.

The examination of the Railway and Express Companies' records shows shipments received by companies or concerns in Derby Line and Newport, Vt., who are shipping out comparatively few goods to United States points.

These concerns may have been serving only as collecting stations and distributing their goods to concerns in Canada. To arrive at the total shipments into the district it was therefore necessary to include those made to these particular concerns as well as those made to the companies under investigation.

We abstracted from the freight and express records all incoming shipments of cotton piece goods, finished garments and trimmings for a period of three years ending 31st March, 1926. This abstract shows goods to the value of $1,400,000 received by freight and express at Rock Island, Que., Beebe Junction, Que., Derby Line, Vt. and Newport, Vt. during the period stated. From this total of incoming goods we have deducted the following:

1. The value of cotton goods, etc., shipped to points in the United States.
2. The value of cotton goods, etc., cleared through Customs at the ports of
    (a) Rock Island, Que.
    (b) Beebe, Que.

The balance, a conservative estimate of which is not less than $800,000 representing a duty paid value of over $1,000,000 is an unaccounted for balance. It must, of course, be borne in mind that a small part of this may have been sold locally in Newport, Derby Line and other points in Vermont. Allowance has been made for reasonable variation in inventories at the beginning and end of the period.

In order to find out, if possible, which companies were receiving these shipments we prepared a schedule showing against each company under investigation the total goods shipped in, deducting therefrom the outwards shipments to the United States points and the goods on which duty was paid, the difference in each case being the unaccounted for balance. The Schedule gives the same information for the United States concerns at Newport and Derby Line, Vt.

The schedule shows that the United States concerns received goods very much in excess of goods shipped out whereas in the cases of some of the companies in Rock Island and Beebe more goods were cleared through Customs than appeared to have been received. The explanation of this may be that goods received by the nine companies in Vermont were distributed to the Canadian companies. It might also be partly accounted for by there being more stocks on hand at the commencement than at the end of the period. Some of the Canadian companies have warehouses in Derby Line. The figures shown on this schedule therefore could not be regarded as conclusive in the case of the individual companies but do reflect the general conditions which prevail as a whole in the Rock Island district.

We also examined certain of the inwards and outwards freight records at Richford, Enosburg Falls and St. Johnsbury, Vt. This examination showed substantial quantities of cotton goods, etc., arriving

at these points and it appears improbable that these goods could have been absorbed locally. Our information is that these were transported to border points. We consider this matter of sufficient importance to include in this report as showing that the conditions may not be altogether confined to the district around Rock Island. Particulars of all information obtained by us in this connection have been given to the Preventive Service for their further enquiry and follow-up.

(b) Goods manufactured and shipped to border points by companies in the United States who are stated to have prison contracts.

This section of our report must be considered as supplementary to our third (3) interim report submitted to you on 12th April, 1926. Mr. R. P. Sparks has supplemented the list submitted by him to your Committee on 17th February last by the addition of the following:

East Coast Manufacturing Co., Wethersfield, Conn.
Far West Manufacturing Co., Chicago, Ill.
Knicko Garment Co., Richmond, Va.

We have built up from the freight records at Newport and Derby Line, Vt., a list of incoming shipments from the list of firms given to the Committee by Mr. Sparks, (including the above three mentioned) from 1st January, 1923, to 31st March, 1926, and this schedule shows that during this period of three years and three months there was received at these two points goods of a total weight of 267,000 pounds, equivalent to a value at cost of about $200,000.

The Company receiving the largest portion of these goods is the New England Apparel Company of Derby Line, who received over 150,000 pounds in weight. This company has no factory and does not distribute by railway to points in the United States. We are now in a position to state that this company did not, as far as the records show, receive by freight and goods other than those consigned by companies and contractors having prison contracts, with the exception of two small parcels. The two companies having the next largest share of the total are, firstly—Gilmour Brothers, of Derby Line, who carry on a small men's haberdashery store at that point, and have received during this period some 48,000 pounds in weight of these goods, and secondly, the Northern Cotton Exchange, Derby Line, also a non-manufacturing company who received during this period over 36,000 pounds in weight of these goods. The B. F. Moore Company at Newport, Vt. received over 17,000 pounds during the same period.

(c) *Reports on Individual Companies*

The following are the companies whose accounts we were instructed to examine:

B. B. Glove Company Limited, Beebe, Que.
The J. B. Goodhue Company Limited, Rock Island, Que.
James A. Gilmore Company, Rock Island, Que.
Globe Suspender Company and Eastern Apparel Company, Rock Island, Que.
Jenkins Overalls Limited, Rock Island, Que.
The Perfecto Manufacturing Company, Beebe, Que.
Peerless Overall Company, Rock Island, Que.
Rock Island Overall Company, Rock Island, Que.
R. & G. Manufacturing Company, Rock Island, Que.
Reliable Garment Limited, Rock Island, Que.
Stanstead Manufacturing Company Limited, Rock Island, Que.

Standard Manufacturing Company, (W. M. Pike & Sons), Rock Island, Que.
Snag Proof Limited, Beebe, Que.
Telford Brothers Garment Company, Rock Island, Que.
Telford & Chapman Limited, Rock Island, Que.

By Mr. Calder, K.C.:

Q. Mr Nash, is it your suggestion that we stop there, or shall we go on to the B. B. Glove Company, Limited?—A. If there is any question you want to ask about the first part of the report?

Q. Yes, you mention appraisal of the possible value of goods which came in, namely, at $1,400,000. Would you say that was a conservative estimate, or is it accurate?—A. It is a most conservative estimate; that is the amount of the goods that came in to those points. You will find where we state that we afterwards deducted from that amount goods going out, and the amount of goods cleared through the Customs; leaving duty paid value of $1,000,000; a most conservative estimate.

By Hon. Mr. Stevens:

Q. That is an unaccounted balance?—A. What we call an unaccounted for balance. We are not able to say what happened to those goods, conclusively.

By Mr. Calder, K.C.:

Q. Which would be subject to duty, and in respect of which, failing any reasonable explanation, duty should be collected?—A. If they came into Canada, we can not positively state that the goods came into Canada; all I can say is that they arrived at this border point, to the value of $1,000,000; they remained at the border point, or were disposed of in some way that the records do not positively show.

Q. What is the duty fixed by their schedule, in accordance with the Customs Act, for these goods?—A. 32½ per cent and 35 per cent.

Q. That would make, roughly, one-third of a million dollars, if the theory is correct, that would be due by these various companies?—A. What is said would be due by the various companies, because we do not describe the companies. There was $1,000,000 worth of goods that arrived at border points, and are unaccounted for; but that they came into Canada, that is the inference.

Q. Somebody owes Canada one-third of a million dollars?—A. Somebody, or a collection of somebodies.

By Mr. Donaghy:

Q. It is a fair inference that they came into Canada?—A. I think so.

Q. There is no other way you can see?—A. No, there is not other way I can see, and we have examined every record we could. It did not go out.

By Mr. Calder, K.C.:

Q. It would be obviously ridiculous to ship such a quantity of goods to Derby Line, in the United States?—A. Yes.

Q. Are there any large centres close to Derby Line?—A. No.

Q. What is the nearest large American centre?—A. There is none within forty or fifty miles.

By the Chairman:

Q. Newport?—A. That is not a large centre; four thousand or five thousand.

By Mr. Calder, K.C.:

Q. Newport is hardly a manufacturing town?—A. No. Apart from Newport, I think St. Albans is the next big town. It is a railway town.

By Hon. Mr. Stevens:

Q. These goods were largely brought via Newport into Rock Island and Derby Line?—A. Yes.

Q. So they would pass through Newport to get to Rock Island and Derby Line?—A. Yes.

By Mr. Calder, K.C.:

Q. And St. Albans is a railway town?—A. Yes. I visited St. Albans.

Q. You have produced here a print of the International boundary from Rock Island to Beebe, Quebec. Who drew this plan?—A. The plan was drawn, first of all, by Mr. Patterson, one of my assistants, at Rock Island, and then submitted to Mr. Chalifour, Chief Geographer in the Government, who very kindly had it confirmed. It was submitted to the Committee. Ours was a very rough plan.

Q. Who drew the original draft plan?—A. Mr. Patterson, one of our staff. But it is accurate as to proper pointing, if that is what the term is.

Q. The facts which Mr. Patterson wanted to note, were noted on the draft plan, and afterwards pricked out upon the ordnance plan of the Canadian Government?—A. Yes.

Q. Will you produce one of these plans, which will be marked as an Exhibit?—A. Yes. (Plan is produced and marked Exhibit No. 207.)

By Hon. Mr. Stevens:

Q. Mr. Nash, in this report, you were not able to deal with any records covering the movement of goods to Derby Line, or Rock Island, by motor from points in the United States?—A. Oh no.

Q. It is only such goods as were moved by rail?—A. By freight or express, via rail.

Q. It does not cover any goods moved by motor from St. Albans, or other points?—A. No. We do state in the report what the conditions were, at least to some extent, that existed at other points. Our investigation was not entirely confined to Rock Island; I went to Enosburg Falls.

By Mr. Calder, K.C.:

Q. Since making the plan you have had the advantage of seeing the locus, personally?—A. Yes.

Q. With certain members of the Committee?—A. I have seen it several times.

Q. According to your own knowledge, the disposition on the plan is accurate?—A. Oh yes, I believe so. May I suggest that perhaps you would prefer to call the witnesses on the general situation, before proceeding with the companies.

Mr. CALDER, K.C.: Yes, we will do that. My first witness will be Mr. Bisaillon. I am instructed he is in New York; however, I have no reason for supposing he will not be back.

By Hon. Mr. Stevens:

Q. Mr. Nash, I notice you mention in your reference to prison-made goods, that it is supplementary to your previous interim report as to that? —A. Right.

Hon. Mr. STEVENS: Would not it be desirable to print the Third Interim Report into the record, with this Tenth Interim Report?

Mr. CALDER, K.C.: Yes, with this report.

Hon. Mr. STEVENS: If the Committee will consent, I will make that suggestion.

Mr. CALDER, K.C.: I do not think that the Third Interim Report was read into the record.

Hon. Mr. STEVENS: This is the time it should be read. You might hand the Third Interim Report to the stenographer to print, with the record of the "Tenth Interim Report." The Tenth Interim Report will be followed by the Third Interim Report; both Reports to be copied into the record.

Witness retired.

SPECIAL COMMITTEE INVESTIGATING THE ADMINISTRATION OF THE DEPARTMENT OF CUSTOMS AND EXCISE

TENTH INTERIM REPORT

(Re Companies in Rock Island, Quebec, and Neighbouring Points)

CLARKSON, GORDON & DILWORTH
Chartered Accountants

OTTAWA, 3rd June, 1926.

To the Chairman,
Special Committee,
Investigating the Administration of the
Department of Customs and Excise,
Ottawa, Canada.

SIR,—As auditors to your Committee we beg to make our tenth (10) interim report.

This report deals with the investigation of the books, accounts and records of fifteen companies or concerns operating in Rock Island, Beebe and Stanstead, in the Province of Quebec.

We have divided this report into the following three sections:

(*a*) General conditions in Rock Island, Beebe and neighbouring points as disclosed by Freight, Express and Customs records.

(*b*) Goods manufactured and shipped to border points by companies in the United States who are stated to have prison contracts.

(*c*) Reports on individual companies.

(a) General Conditions in Rock Island, Beebe and neighbouring points as disclosed by Freight, Express and Customs Records.

As the books and records of many of the companies we were instructed to examine were not complete we applied to your Committee for authority to examine freight and express records at the various railway points in the neighbourhood of Rock Island. Permission was obtained from the Boston and Maine Railroad Company, the American Express Company and the Canadian Pacific Railway to examine their records at points which appeared to us to be important.

Goods shipped over the Boston and Maine Railway line to Derby Line, Vt., come into Canada to Beebe Jct. from where they go over a stub line running to Rock Island, Que., and Derby Line, Vt., crossing the border back into the United States at the latter point and being released at that point from Canadian bond. No other railway runs out of Derby Line and goods shipped from there have to go back over the stub line to Beebe Jct.

The examination of the Railway and Express Companies' records shows shipments received by companies or concerns in Derby Line and Newport, Vt., who are shipping out comparatively few goods to United States points.

These concerns may have been serving only as collecting stations and distributing their goods to concerns in Canada. To arrive at the total shipments into the district it was therefore necessary to include those made to these particular concerns as well as those made to the companies under investigation.

We abstracted from the freight and express records all incoming shipments of cotton piece goods, finished garments and trimmings for a period of three years ending 31st March, 1926. This abstract shows goods to the value of $1,400,000 received by freight and express at Rock Island, Que., Beebe Junction, Que., Derby Line, Vt., and Newport, Vt., during the period stated. From this total of incoming goods we have deducted the following:—

1. The value of cotton goods, etc., shipped to points in the United States.
2. The value of cotton goods, etc., cleared through Customs at the ports of,
   (*a*) Rock Island, Que.
   (*b*) Beebe, Que.

The balance, a conservative estimate of which is not less than $800,000 representing a duty paid value of over $1,000,000 is an unaccounted for balance. It must, of course, be borne in mind that a small part of this may have been sold locally in Newport, Derby Line and other points in Vermont. Allowance has been made for reasonable variation in inventories at the beginning and end of the period.

In order to find out, if possible, which companies were receiving these shipments we prepared a schedule showing against each company under investigation the total goods shipped in, deducting therefrom the outwards shipments to United States points and the goods on which duty was paid, the difference in each case being the unaccounted for balance. The schedule gives the same information for the United States concerns at Newport and Derby Line, Vt.

The schedule shows that the United States concerns received goods very much in excess of goods shipped out, whereas in the cases of some of the companies in Rock Island and Beebe more goods were cleared through Customs than appeared to have been received. The explanation of this may be that goods received by the nine companies in Vermont were distributed to the Canadian companies. It might also be partly accounted for by there being more stocks on hand at the commencement than at the end of the period. Some of the Canadian companies have warehouses in Derby Line. The figures shown on this schedule therefore could not be regarded as conclusive in the case of the individual companies but do reflect the general conditions which prevail as a whole in the Rock Island district.

We also examined certain of the inwards and outwards freight records at Richford, Enosburg Falls and St. Johnsbury, Vt. This examination showed substantial quantities of cotton goods, etc., arriving at these points and it appears improbable that these goods could have been absorbed locally. Our information is that they were transported to border points. We consider this matter of sufficient importance to include in this report as showing that the conditions may not be altogether confined to the district around Rock Island. Particulars of all information obtained by us in this connection have been given to the Preventive Service for their further enquiry and follow-up.

(b) *Goods manufactured and shipped to border points by companies in the United States who are stated to have prison contracts.*

This section of our report must be considered as supplementary to our third (3) interim report submitted to you on 12th April, 1926. Mr. R. P. Sparks has supplemented the list submitted by him to your Committee on 17th February last by the addition of the following:

East Coast Manufacturing Co., Wethersfield, Conn.
Far West Manufacturing Co., Chicago, Ill.
Knicko Garment Co., Richmond, Va.

We have built up from the freight records at Newport and Derby Line, Vt., a list of incoming shipments from the list of firms given to the Committee by Mr. Sparks (including the above three mentioned) from 1st January, 1923, to 31st March, 1926, and this schedule shows that during this period of three years and three months there was received at these two points goods of a total weight of 267,000 lbs., equivalent to a value at cost of about $200,000.

The company receiving the largest portion of these goods is the New England Apparel Company of Derby Line, who received over 150,000 lbs. in weight. This company has no factory and does not distribute by railway to points in the United States. We are now in a position to state that this company did not, so far as the records show, receive by freight any goods other than those consigned by companies and contractors having prison contracts with the exception of two small parcels. The two companies having the next largest share of the total are, firstly—Gilmore Brothers, of Derby Line, who carry on a small men's haberdashery store at that point, and have received during this period some 48,000 lbs. in weight of these goods and secondly, the Northern Cotton Exchange, Derby Line, also a non-manufacturing company who received during this period over 36,000 lbs. in weight of these goods. The B. F. Moore Company of Newport, Vt., received over 17,000 lbs. during the same period.

(c) *Reports on Individual Companies.*

The following are the companies whose accounts we were instructed to examine:

B. B. Glove Company Limited, Beebe, Que.
The J. B. Goodhue Company Limited, Rock Island, Que.
James A. Gilmore Company, Rock Island, Que.
Globe Suspender Company and Eastern Apparel Company, Rock Island, Que.
Jenkins Overalls Limited, Rock Island, Que.
The Perfecto Manufacturing Company, Beebe, Que.
Peerless Overall Company, Rock Island, Que.
Rock Island Overall Company, Rock Island, Que.
R. & G. Manufacturing Company, Rock Island, Que.
Reliable Garments Limited, Rock Island, Que.
Stanstead Manufacturing Company Limited, Rock Island, Que.
Standard Manufacturing Company (W. M. Pike & Sons), Rock Island, Que.
Snag Proof Limited, Beebe, Que.
Telford Bros. Garment Company, Rock Island, Que.
Telford & Chapman Limited, Rock Island, Que.

B. B. Glove Company Limited

This Company was originally incorporated in 1917 and manufactures cotton gloves and mail bags.

On our preliminary examination of this company's books complete records of purchases and sales were said to be available. On 1st April, however, this company's factory and office were completely destroyed by fire and as a consequence only such records as were in the safe were available for our examination when we took up the detailed examination of the accounts. There were no sales or purchase invoices except of very recent date, and no Ledger Accounts except those in the current binder of which there were none prior to September, 1925. There were certain other records for 1926 only. It has, therefore, been impossible for us to get accurate information as to this company's purchases from United States exporters.

Sales for three years as shown by copies of Income Tax Returns were as follows:

1923	$79,854 00
1924	91,523 00
1925	65,591 46

The Company has an account with The Orleans Trust Company at Newport, Vt., and we have a statement for the year 1925 showing deposits (apparently transfers from the Canadian Bank of Commerce at Beebe,) aggregating $6,600, but only a very few of the cancelled bank cheques. The Orleans Trust Company decline to give us any information about their customer's affairs and we cannot, therefore, ascertain the names of the parties to whom the payments from this account were made.

Advices received by us from the Broadalbin Knitting Company of New York show that substantial shipments of goods were made to this company, none of which were prior to 1st December, 1924. The freight records at Newport, Vt., show shipments from the Broadalbin Knitting Company prior to 1st December, 1924, to C. J. Harrison at that point and none to this consignee after 1924.

We asked Mr. Davis, the Secretary of the company, if prior to 1924 the company was purchasing goods from the Broadalbin Knitting Company or from C. J. Harrison, Newport, but he would make no definite statement.

The officials of the company supplied us with copies of income tax returns made by the company for five years past and the records of the Customs Department at Beebe show the Company to have made regular sales tax returns.

The files of the Department (File 123209) show that in January, 1925, a seizure of this company's goods was made and the company paid a deposit of $1,012.50 which deposit was declared forfeited. There is also a report on the files of the Department dealing with the renting of a barn situated on the International Boundary Line on a farm near Beebe, Que.

The J. B. Goodhue Company Limited

This Company was organized about 1914, and is, at the present time, managed by Messrs. P. M. & W. V. Poaps, who are the principal shareholders. The records were well kept on a double entry system which were complete for the years 1924 and 1925, most of the records for 1925 being also available.

All goods received from United States exporters as shown by the books were accounted for and duty paid thereon. The company has made regular sales tax and income tax returns.

The files of the Department show that a seizure was made in 1912. There is no record of any seizure since that date.

James A. Gilmore Company

James A. Gilmore Company, a registered partnership, has been operated for approximately five years, the partners being:

W. J. Gilmore,
H. F. Gilmore,
Mrs. R. Ethier.

The Company manufactures and sells overalls, combinations, pants and shirts, all of which are manufactured from cotton materials.

The partners claim to have a company of similar name in Derby Line, Vt., but a search made in the Town Clerk's office at Derby Centre, Vt., has failed to disclose any registered partnership or company bearing this name. The freight records, however, show goods received at Derby Line by James A. Gilmore Company.

The books and records produced to us were of a very limited character, covering only the recorded transactions of the partnership since 1st January, 1925. All accounting and other records prior to that date have admittedly been destroyed. As a consequence we can only report the results of our investigation of this company's books for the year 1925, and certain other information obtained from our examination of the Boston & Maine freight records and from other independent sources.

Sales Records

Sales for the year ending 31st December, 1925, as shown by the duplicate sales invoices amounted to $76,320.62 which is approximately the figure on which Sales Tax was paid. Tests made for three months in 1925 with remittances from customers indicate that the company may have made additional sales not shown by the records.

Purchases

The purchase records are very incomplete and unreliable as numerous invoices both from firms in Canada and the United States were found which were not entered but duty was paid on all invoices from United States vendors produced to us.

Owing to the system adopted by the company in having goods shipped by United States vendors to the Derby Line Company, we cannot say that we have seen original invoices from these vendors for all goods received in Canada.

We found evidence that not all the moneys received from the customers of the company in payment of goods sold to them were deposited in the regular bank account of the company nor all payments to United States vendors for goods purchased paid for through that bank account. In the year 1925 some $12,800 collected from customers was not deposited with the Canadian Bank of Commerce and the Messrs. Gilmore state that these were cashed by them in Derby Line, and the proceeds used for the following purposes:

Payments to United States vendors for goods on which duty was said to be paid	$ 1,363
Mortgage Repaid	1,000
Payments to the heirs of the Estate of the late J. A. Gilmore	1,300
Personal drawings of the Messrs. Gilmore	1,800
Estimated funds used for the Radio business	5,000
Difference unexplained	2,337
Total	$12,800

We cannot, of course, verify any of the above figures owing to the manner in which collections and payments were said to be made. The Messrs. Gilmore state emphatically that the company had no other bank account than that in the Canadian Bank of Commerce at Rock Island.

Radio Business

Mr. W. J. Gilmore admitted that he had used $5,000 to purchase radio parts. The American Express Company records at Derby Line show numerous shipments of radio parts to Gilmore Brothers and the Gilmore Radio Company.

During the year 1925 duty and sales tax amounting to $328.39 were paid on radio parts which would represent goods of the value of approximately $1,000. If $5,000 of such goods had been purchased there is a difference of $4,000 not explained.

Dominion Income Taxes

No Income Tax Returns for any period of either the individual partners or the Company have been produced for our examination. The partners claim that the proper returns were made covering their incomes from the business on every return date, but that no copy of these returns was kept. It is difficult to understand how accurate tax returns could have been made from the records produced to us.

An examination of the Cash Book and cancelled cheques for the year 1925 show a large number of payments for insurance to Mr. J. F. Paquette, Customs Officer at Rock Island.

The files of the Department show that seizures were made in 1912 and 1924. In 1912 the company paid a deposit of $184.50 and in 1924 a deposit of $910, both of which were forfeited.

Globe Suspender Company and Eastern Apparel Company

The Globe Suspender Company is now the Eastern Apparel Company, the proprietor being C. J. Marois who purchased the business from Edward Hope in November 1925. He states that the books of the old company, the Globe Suspender Company were destroyed by the former proprietor when the business was sold. The new Company, the Eastern Apparel Company has done very little business, the total sales to March 9th, 1926, being about $500.

An examination of the freight records shows the Globe Suspender Company to have received goods from United States vendors at Derby Line, Vt. in the years 1923, 1924 and 1925 although the amounts received are small. During the same period the Globe Suspender Company of Rock Island passed twenty-six entries through the Customs Department.

We think it only proper to call your attention to an affidavit dated 25th March, 1925, of C. J. Marois (the proprietor of the above company) found on the files of the Department (File 12711) stating that he is the sole proprietor of the New England Apparel Company. This is the company which received the largest shipments of goods from companies in the United States stated to have prison contracts.

The files of the department (Files 80110 and 122685) show seizures to have been made in 1912 and 1924. On the first occasion a deposit of $1,500 was forfeited and on the second occasion $633.05.

The Perfecto Manufacturing Company, Beebe, Que.

This Company has been in operation since 1912, the present proprietor Mr. H. S. Pocock being the sole owner since 1918. They manufacture and sell principally overalls, pants and combinations, from denims or other cotton goods.

Records for 1924 and 1925, were produced to us, with the exception of cancelled bank cheques for five months, which Mr. Pocock explains were destroyed through a misunderstanding of instructions by his stenographer. Practically no records were available prior to 1924. The books for 1924 and 1925 were kept on single entry system and agree substantially with the annual income tax returns made by the Company.

Sales Records

Sales as shown by the records produced were as follows:

1923	$51,452
1924	54,056
1925	69,121

Letters received by us from customers of the Company however show sales of about $2,900 not recorded in the books. Mr. Pocock offered us no satisfactory

explanation in this connection beyond saying that he did not believe the invoices existed or they would appear on the books. He stated positively that no other records were kept by him or the Company.

We checked the purchase accounts and invoices, compared them with the customs and freight records and found them to be in agreement, duty having been paid on all imports with the exception of twenty-one parcels of buttons from the Patent Button Company, Waterbury, Conn., which, according to their statement were shipped by parcel post. No entries for these invoices or payment for the goods are shown in the Company's records, and no duty has been paid on them. The value of these shipments was not given by the Patent Button Company.

Mr. Pocock stated that at one time he kept an account in the Orleans Trust Company, Newport, Vt., but would neither admit nor deny that this account had been used to pay for United States goods intended to be smuggled into Canada. He declined to give us details of this account and showed us a letter from the Trust Company stating that neither he nor his company had an account with the Trust Company at the present time nor for some time past. The Orleans Trust Company has declined to give us any information in respect to any of the business of it's customers.

The files of the Department (Nos. 80110 and 123240) show that seizures of goods were made in 1912 and 1924, deposits of $226.07 and $1,325 respectively being forfeited. Shortly after the 1924 seizure a substantial shipment of goods was cleared through Customs and Mr. Pocock explains that this shipment consisted of all the goods which he had at that time in his warehouse on the United States side of the border. He states that this warehouse is not now being used by him except for use in storing his automobile.

Peerless Overall Company

This Company has produced no books except for the year 1926 which books the company's officials stated in evidence were written up from another set of books which were destroyed. The only records, therefore, available to us for 1924 and 1925 were Canadian Customs records and the freight records of the Boston & Maine Railway.

The officials of the company claim that a registered company in the United States called "Peerless Overall Company" purchased from United States vendors goods to be delivered at Derby Line Vt., and that the Canadian Company then imported these goods under invoices from that company. As these shipments were broken we could not make a comparison of the goods sold to this company by United States vendors as shown in their letters and statements to us with the goods imported by the company and cleared for customs.

The 1926 books show that some $46,000 Bills and Accounts Receivable were owing to the company from its customers at 1st January 1926 and from this it is evident that the operations of the company were fairly extensive. It has not been possible by an analysis of the freight and duty records to build up what the total purchases of the company were. The estimated value for duty of goods passed through customs for the three years ended 31st March 1926 according to the Customs records at Rock Island amounted to some $13,000.

The files of the department (Files 80110 and 122682) show seizures made in 1912 and 1924 and deposits of $627.50 and $476.12 respectively forfeited.

Rock Island Overall Company—Rock Island, Quebec

This company is owned by Mrs. H. Fregeau and commenced business about thirty years ago. They sell shirts, overalls, smocks, pants and other clothing manufactured from denims or cotton goods.

The records which were produced to us were incomplete except for the year 1925. Mr. Geo. Boisvert, bookkeeper and clerk in active charge of the business, stated that all of the records with the exception of those produced to us had been destroyed.

The sales as shown by the records produced were:

For 1924	$58,156 00
For 1925	53,884 00

which were substantially the same as shown by the Income Tax returns.

An examination of the sales records and the correspondence would indicate that certain sales were made and payments received from customers which were not entered in the books of the company produced to us. An examination of the purchase records produced showed no irregularities except an invoice dated 30th June 1925 amounting to $16.27 for goods received by parcel post on which duty was not paid.

The company kept a bank account in the Royal Bank of Canada, Rock Island, and an account in the National Bank of Derby Line at Derby, Vt. We were able to check the transactions in all bank accounts for the year 1925 because they were reflected in the books but as practically no books were produced for 1924 and permission was denied us to examine the Derby Line bank account for that year we were not able to verify the transactions.

In 1924 and prior years the company had a warehouse in Derby Line, Vt., and from the customs entries at Rock Island such goods as were imported and passed through customs were invoiced from the Rock Island Overall Company, Derby Line. Mr. Boisvert informs us that the company no longer has a warehouse in Derby Line but has a bonded warehouse on their own property at Rock Island. The customs records, however, show goods imported from an American company of the same name as the Canadian company in the year 1925, but importations of this character are very much less in 1925 than in previous years.

The company has made regular sales tax and income returns. The files of the Department (Nos. 80110 and 122688) show seizures in 1912 and 1924, deposits of $500.25 and $259.83 respectively being forfeited.

R. & G. Manufacturing Company

This company commenced business in 1911, the present partners being:

J. H. Gauthier,
H. G. Duncalfe.

The company manufactures and sells cotton overalls, smocks, pants, shirts, combinations, etc.

The books which were produced to us were not kept on double entry system and were very incomplete. Many of the records for 1924 had been disposed of and all prior records admittedly destroyed.

Sales Records

The sales of the company as shown by the sales records produced to us were as follows:

1924	$73,384 00
1925	63,032 00

Letters, however, received from customers of the company show sales which were not recorded in the books produced. Owing to the fact that certain of the books of the company were destroyed before our examination was completed we are not able to state with certainty the extent to which sales have

been suppressed. An examination of the collections from Customers as disclosed by the bank account would indicate that the suppression of sales probably amounted to nearly $30,000 in 1924 and an undetermined amount, though considerable, in 1925.

Purchases

The purchase records covering imports of goods from the United States were verified by the production of purchase invoices from vendors and the duty paid thereon by endorsed cheques and information from the Customs Office at Rock Island. These, however, include only such goods as were shipped in the company's own name direct to the company at Rock Island or Derby Line, but do not include any goods shipped to Derby Line or Newport to the order or name of other consignees on instructions from the R. & G. Manufacturing Company, which Mr. Gauthier states was done.

Cash Records

The only cash records made available to us were the cheque stubs and cancelled cheques for 1925 covering payments out of the general checking account only and the passbooks of the general and collateral bank accounts. On attempting to reconcile the bank loan account we found that the company kept what is called a "No. 2 bank account" from which payments had been made in the following amounts:

1923	$32,013 17
1924	26,652 30
1925	9,660 29

none of which show in the company's books.

Note.—Of the 1925 payments, $3,727.70 were made since 1st July.

The above amounts are not supported in any way by cancelled cheques or other vouchers which Mr. Gauthier has since stated have been destroyed. Mr. Gauthier's explanations of this bank account is that the disbursements therefrom represent payments to United States vendors for smuggled goods including cotton goods, machine parts, etc. The duty payable on the goods represented by these expenditures would amount to over $20,000.

Mr. Gauthier has stated to us that separate records showing the purchases of goods smuggled into Canada and the sales of these goods to the company's customers were kept by him and were recently destroyed.

An examination of the cancelled cheques on the company's bank account for the year 1925 show payments to Mr. J. F. Paquette for insurance premiums aggregating $1,262.

The company has shown us a copy of an income tax return for the year 1924 and has made sales tax returns at regular intervals but sales taxes paid to the Government would presumably not include the tax on the suppressed sales.

The files of the Department (Nos. 80110 and 123078) show seizures made in 1912 and 1924, deposits of $67.50 and $1,656.50 respectively being forfeited.

Reliable Garments Limited

This Company was incorporated on 9th January, 1922, under a provincial charter with an authorized capital of $20,000, of which $10,000 is subscribed. The original shareholders were:

James Morris Williamson, Stanstead Plains;
Donald John Sandiland, Rock Island;
Alfred Neville Thompson, Stanstead Plains (deceased).

The Company is at present being managed by Mr. Sandiland, who states that he purchased from the other shareholders the assets and assumed the liabilities of the Company early in 1924. During 1924 and 1925 the Company manufactured cotton bath robes exclusively.

No records of the Company were available for the year 1923 with the exception of the share ledger and stock certificate book. The records for 1924 are very unsatisfactory but those for 1925 are fairly complete.

The Company's bank account was used only for paying manufacturing costs, expenses and Canadian purchases. Mr. Sandiland states that all purchases from United States vendors were paid through his personal bank account in the National Bank of Derby Line which he has refused to produce.

Goods purchased in the United States were shipped to Reliable Garments Limited, Derby Line, and invoiced by this company to Reliable Garments Limited, Rock Island.

The Beacon Manufacturing Company, Providence, R.I., reports the following shipments to Reliable Garments Limited of Derby Line, Vermont—

1923	$ 6,166 00
1924	6,086 00
1925	14,149 81

The value for duty of all goods passed through Canadian Customs was as follows:

1923	$ 1,529 00
1924	1,581 00
1925	1,890 00

showing a discrepancy between the total purchases from one United States vendor only and the value for duty of imported goods cleared at Rock Island of over $21,000.

It is only fair to state that the report from the Beacon Manufacturing Company shows one item of $9,283.85 in the year 1925 which Mr. Sandiland states must be incorrect. We have written again to the Beacon Manufacturing Company for further particulars and if this item is incorrect the discrepancy would be reduced to about $12,000.

This discrepancy is to some extent confined by entries made in his Canadian books showing amounts credited to the American company in 1925 which are greatly in excess of the amounts cleared through Customs for that year. We have discussed this discrepancy with Mr. Sandiland who stated to us that he could not explain it.

The company has shown us a copy of its Income Tax return for 1924 which, however, we could not verify on account of the incompleteness of the books.

The files of the Department (File 122686) show that a seizure was made in October, 1924, a deposit of $507.21 being forfeited.

Stanstead Manufacturing Company Limited

This Company was incorporated in 1922. The Charter of the Company was not available for examination, nor was the Minute Book written up-to-date. The principal shareholders are:

Mr. O. F. Ticehurst.
Mr. A. H. Tiffin.
Mr. H. Dugmon.

The records produced to us were very unsatisfactory. The Sales Ledger sheets were loose and not enclosed in a binder and most of the purchase records were missing. Mr. Ticehurst admitted that the records were incomplete but refused to allow us to obtain from his banker certain information necessary in

the checking of purchases from United States vendors. We did, however, see the account of the company in the records of the Bank but very few of the cancelled cheques were available.

We built up from these records the approximate payments to United States vendors from November, 1923, to March, 1925, which totalled some $6,500. After deducting from this amount the goods imported by the Company and passed through Customs during the period June, 1923, to 20th August, 1925 (the approximate date on which the company ceased operations) and the estimated value of cloth stated by Mr. Ticehurst to be stored in his warehouse in Derby Line, there is an unaccounted for balance of approximately $5,000.

Prior to the discovery of this discrepancy Mr. Ticehurst admitted to us that he had smuggled goods into Canada to the approximate value of $5,000 but stated that if this was mentioned to the Committee he would deny that he had done so.

Shipments from United States exporters to Stanstead Manufacturing Company Limited were made to Newport and Derby Line, Vt., but cannot be identified with the items which were passed for duty at the Rock Island Customs House. In explanation of this Mr. Ticehurst claims that other firms used his name for goods shipped to Newport and Derby Line and that he did not in all cases receive the goods shown by the shipping records to be consigned to him. The largest single amount on which duty was paid during 1923, 1924 and 1925, was $51, whereas the freight shipments to Derby Line and Newport consisted mostly of bales of goods most of which weighed from 200 pounds to 600 pounds.

The records of the Customs Department show that this Company made sales tax returns from time to time but the Company kept no copies of such returns. Mr. Ticehurst claims that the company has made income tax returns but kept no copies.

The files of the Department (File 122689) show that a seizure was made in October, 1924, and a deposit of $66.25 was forfeited.

The above concludes our report upon ten of the companies in the list. A supplementary report on the remaining five companies will be submitted later.

In the reports on the various companies we have stated whether or not sales tax returns have been made. In those cases where sales tax returns have been made but sales have been suppressed, there would, of course, be an additional claim for sales taxes. The files of the Department show that certain of the Companies were in arrears from time to time in payment of their taxes.

We have endeavoured to make our reports on these Companies as short as possible consistent with bringing to the attention of the Committee the most important facts in connection with each company. We have, however, very complete working papers from which we hope to be able to give the Committee whatever additional explanations may be necessary.

The Chief Geographer of the Dominion Government, Mr. J. E. Chalifour, has kindly prepared for us a map of Rock Island and Beebe Junction and the adjoining district on which we have indicated the factories of the various companies under investigation. In order to assist the Committee to understand the general situation in the Rock Island district we have handed a copy of this map to each member. Particular attention is directed to the position of the freight sheds at Rock Island, a detailed sketch of which is shown on the plan.

Respectfully submitted,

CLARKSON, GORDON & DILWORTH.

AEN:H.

THIRD INTERIM REPORT TO THE SPECIAL COMMITTEE INVESTIGATING THE ADMINISTRATION OF THE DEPARTMENT OF CUSTOMS AND EXCISE

CLARKSON, GORDON & DILWORTH
Chartered Accountants

OTTAWA, CANADA, April 12, 1926.

To the CHAIRMAN,
Special Committee,
Investigating the Administration of the
Department of Customs and Excise.

DEAR SIR,— As auditors to your Committee we beg to make our third interim report as follows:

This report contains information obtained to date on the importation into Canada of prison-made goods.

A list of manufacturers and concerns operating in the United States under prison contracts was given to the Committee by Mr. R. P. Sparks on 17th February last (Exhibit 42, pp. 165-168 of the Evidence) and is as follows:

Reliance Manufacturing Company, Chicago, Ill.
Sterling Manufacturing Company, Chicago, Ill.
Gordon Shirt Company, Chicago, Ill.
Oppenheim & Company, New York City.
Kleeson Manufacturing Company, New York City.
Bear Brand Hosiery Company, no address given.
Litewear Manufacturing Company, Chicago, Ill.
Bear Brand Hosiery Company, no address given.
Hartford Hosiery Mills, Nashville, Tenn.
Cherokee Manufacturing Company, Chicago, Ill.
Commonwealth Manufacturing Company, no address given.
Workman's Clothing Company, Jefferson City, Missouri.
Missouri Shirt Company, Jefferson City, Missouri.
Worthy Manufacturing Company, Chicago, Ill.
D. M. Oberman Company, Jefferson City, Missouri.
Kegan Grace Company, Baltimore, Md.
Salant & Salant, New York City.
Standard Overall Company, Baltimore, Md.
Baltimore Shirt Company, Baltimore, Md.
Monarch Manufacturing Company, Baltimore, Md.

All of the above concerns are stated to control, under contract, the production of at least one State Penitentiary or State Institution and many of them have contracts with several of these institutions. From this it follows that goods may be shipped by one and the same company or its subsidiaries from any one of several points, the number of shipping points depending on the number of contracts under which the company in question is working.

The situation at Rock Island, Que., and Derby Line, Vt., from the point of view of importations from the United States is briefly as follows: The only direct rail connection between Derby Line and other points in the United States lies by way of Rock Island and Beebe Junction through Canadian territory and from Beebe Junction via the Boston & Maine to Newport, Vt. In consequence of this all goods shipped from points in the United States to Derby Line, Vt., must either be unloaded at some other point in Vermont and taken by truck to Derby Line or sent through Beebe Junction to Rock Island and Derby Line Freight Stations, which are situated opposite each other on either side of the boundary line. All such latter shipments pass through Canada in bond and particulars regarding them are entered on Customs mani-

fests which are checked at Beebe when the goods come into Canada and again at Rock Island when they reach Derby Line, Vt., Freight Station. The examination of these manifests should, therefore, disclose all direct rail shipments to Derby Line from points in the United States.

We have examined the manifests for the period 1st April, 1924, to 31st December, 1925 (the period for which manifests were available), taking note of all shipments where the consignors' name appeared on the list of manufacturers of prison-made goods. The information given by them is to some extent defective, in that the name of the shipper is not always given in full, and in the case of some shipments is not given at all. Nothing is stated in the manifests regarding the value of the goods shipped, the only particulars given being the number of cases, bundles, bales, etc., a brief description of the goods and in some cases the shipper's number on the bale.

We have found no trace of any of these alleged prison-made goods going direct to any Canadian company either in Rock Island or in Derby Line. With the exception of one item all such shipments have been consigned to one concern, the New England Apparel Company at Derby Line, Vt. The single exception is one case of cotton pants consigned to Gilmore Bros., Derby Line on 25th September, 1924, by the Kegan-Grace Company of Richmond, Va.

Mr. Holmes, Customs Examiner at Rock Island, stated in his evidence (pages 199 to 201 of the Proceedings) that the New England Apparel Company was supposed to be represented by a man named Marois, who has something to do with the overall business and Mr. Holmes understands that he handles the Jenkins Overalls. While our examination of the manifests has disclosed a large number of shipments of cotton goods to C. O. Marois at Derby Line, there do not appear to have been any prison-made goods included in these shipments.

We attach a statement (Schedule 1) of shipments of goods to the New England Apparel Company at Derby Line, Vt., by manufacturers and concerns operating in the United States under prison contract for the period 1st April 1924 to 31st December 1925. During this period there were shipped to this concern from different branches of the Kegan-Grace Company in the United States, 88 cases of cotton shirts, pants and other goods. These shipments, while heavier in 1924 than in 1925, were fairly evenly distributed over the year and would average perhaps one case a week. The Kegan-Grace Company is stated to have the contract for the State Penitentiary at Richmond, Va. The Head Office of the company is at Baltimore, Md. Details regarding these shipments are as follows:

From Kegan-Grace Company, Richmond, Va.	58 cases
From Kegan-Grace Company, New Freedom, Pa. .	2 cases
From Kegan-Grace Company, Fawn Grove, Pa. .	10 cases
From Kegan-Grace Company, Baltimore, Md. . . .	18 cases

The manifests also show 47 cases, 50 cartons and 18 crates of cotton goods consigned by the Reliance Manufacturing Company to the New England Apparel Company during the same period. This company is said to have contracts with the State Penitentiary, Wethersfield, Conn., the State Prison, Michigan City, Ind., the State Reformatory, Green Bay, Wis., as well as in several other states. Details regarding these shipments are as follows:

From Reliance Manufacturing Company, Wethersfield, Conn., 18 cases.
From Reliance Manufacturing Company, Michigan City, Ind., 1 case.
From Reliance Manufacturing Company, Green Bay, Wis., 6 cases.
From Reliance Manufacturing Company, Bedford, Ind., 18 crates; 50 cartons; 20 cases.
From Reliance Manufacturing Company, Chicago, Ill., 1 case.
From Reliance Manufacturing Company, Boston, Mass., 1 case.

We are not in a position to state definitely that all these goods were manufactured by prison labour, but from the Customs manifests there is nothing to indicate any difference between the goods shipped from those points where there are penitentiaries and other points.

In addition to the above shipments from the Kegan-Grace and Reliance Manufacturing Companies, the only goods received by the New England Apparel Company according to the manifests appear to be certain consignments from the Knicko Garment Company at Richmond, Va., and from the East Coast Manufacturing Company at Wethersfield, Conn. These total in all 51 cases, so that of the total shipments received by this company as shown by the manifests, substantially over 75 per cent were received from the manufacturers and concerns referred to.

The above shipments are as recorded by the Customs manifests. We have also made an examination of the Freight Records of the Boston and Maine and from these we have made up summaries (Exhibit 2) showing the shipments received at Newport, Vt., Derby Line, Vt., Rock Island, Que., and Beebe, Que., by all the companies under investigation and American companies which we are informed are in close connection with them, for the two years 1924-25.

While these statements, in the case of the New England Apparel Company, cover largely the same ground as those made up from the Customs manifests, they are somewhat more complete, in that they cover the whole two-year period, include shipments to Newport, Vt., and Beebe, Que., and also show the weights of the shipments.

The freight records at Newport, Vt., show the following consignments of what appear to be prison-made goods:

To the B. F. Moore Co., Newport, Vt.

38 cases shirts from the Worthy Manufacturing Company, Chicago, goods way billed for the most part from Pendleton, Ind.
1 case from the Standard Overall Company.
1 case from the Kleeson Manufacturing Company.
3 cases from the Kegan-Grace Company.

To the New England Apparel Company, Derby Line, Vt.

1 case from the Kegan-Grace Company, Richmond.

To C. T. Harrison, Newport, Vt.

1 case from the Kagan Grace Company, Boston.

The total weight of the above shipments is 15,923 pounds.

The freight records at Derby Line show the following consignments:

To the Derby Overall Company, Derby Line, Vt.

11 cases from Reliance Manufacturing Co., way billed from Portland, Me.

To Gilmore Bros., Derby Line, Vt.

6 cases from Kagan-Grace Company.
2 cases from Kleeson Manufacturing Company.

To the New England Apparel Company.

181 cases from Kagan-Grace Company.
99 cases, 65 cartons and 6 packages from Reliance Manufacturing Company.

To Jenkins Overall Company.

2 cases from the Reliance Manufacturing Company.

To Jenkins Overalls Limited.

1 case from the Reliance Manufacturing Company.

The total weight of the above shipments is 112,046 pounds.

Our examination of the freight records at Rock Island, Que., and at Beebe Junction, Que., has not disclosed the receipt of any of these goods. This is confirmed by our examination of the Customs entries at these ports and by the examination we have so far made of the companies' books at these points.

We have written to both the Kagan-Grace Company and the Reliance Manufacturing Company, asking them to let me have full particulars of shipments made to concerns in Rock Island or Derby Line. The Reliance Manufacturing Company reply that as they are aware that the Canadian Customs tariff prohibits the importation of prison-made goods, they have made no shipments to Canadian concerns. They did not, however, give particulars of their shipments to the New England Apparel Company, for which we have again written. The Kagan-Grace Company have offered to supply us with the necessary information as soon as Mr. Kagan, who is at present sick, returns to the office.

We considered the possibility that the American consignees might have reshipped these goods to other points in the United States and we have accordingly examined the outwards freight shipments at Newport and at Derby Line. Our examination of the records at Newport is not yet completed but we have gone through the records at Derby Line, and these do not disclose any shipments outwards by the New England Apparel Company and very few by any other concern.

Five additional copies of exhibits 1 and 2 have been prepared and are handed you herewith.

Yours faithfully,

CLARKSON, GORDON & DILWORTH.

EXHIBIT No. 1.

CUSTOMS ENQUIRY, 1925

SHIPMENTS OF GOODS TO NEW ENGLAND APPAREL COMPANY, DERBY LINE, VT., BY MANUFACTURERS AND CONCERNS OPERATING IN THE UNITED STATES UNDER PRISON CONTRACT AS TAKEN FROM THE CUSTOMS MANIFESTS 1ST APRIL, 1924—31ST DECEMBER, 1925

Date	Particulars	Shipper
24th April	2 cs. clothing 411/412	Kegan-Grace, New Freedom, Int. Pa.
28th April	2 cs. cotton pants 8159/61	Kegan-Grace, Richmond, Va.
27th April	1 cs. cotton shirts 1 cs. cotton pants	Kegan-Grace, Richmond, Va.
1st May	2 cs. clothing 419/420	Kegan-Grace, Fawn Grove, Pa.
1st May	1 cs. cotton shirts K.8189	Kegan-Grace, Richmond, Va.
4th May	2 cs. cotton pants 2 cs. cotton shirts	Kegan-Grace, Richmond, Va.
4th May	1 cs. cotton pants 1 cs. cotton shirts	Kegan-Grace, Richmond, Va.
8th May	1 cs. cotton pants K.8262	Kegan-Grace, Richmond, Va.
11th May	1 cs. cotton pants 1 cs. cotton shirts	Kegan-Grace, Richmond, Va.
11th May	2 cs. cotton pants	Kegan-Grace, Richmond, Va.
11th May	2 cs. cotton pants	Kegan-Grace, Richmond, Va.
15th May	1 cs. cotton pants K.8329	Kegan-Grace, Richmond, Va.
15th May	1 cs. cotton shirts K.8320	Kegan-Grace, Richmond, Va.
20th May	3 cs. clothing 433/5/6	Kegan-Grace, Fawn Grove, Pa.
20th May	1 cs. cotton shirts K.8375 1 cs. cotton pants K.8390	Kegan-Grace, Richmond, Va.
24th May	1 cs. cotton pants K.8408	Kegan-Grace, Richmond, Va.
24th May	1 cs. cotton pants K.8396 1 cs. cotton shirts K.2404	Kegan-Grace, Richmond, Va.
27th May	1 cs. cotton shirts K.8474 1 cs. cotton shirts K.8474	Kegan-Grace, Richmond, Va.
29th May	5 cs. clothing 437/9/9/42/43	Kegan-Grace, Fawn Grove, Pa.
1st June	1 cs. cotton shirts K.8493	Kegan-Grace, Richmond, Va.
1st June	1 cs. cotton shirts K.8485	Kegan-Grace, Richmond, Va.
10th June	1 cs. cotton shirts K.8567	Kegan-Grace, Richmond, Va.
12th June	1 cs. cotton pants K.8591	Kegan-Grace, Richmond, Va.
11th June	1 cs. cotton pants K.8582	Kegan-Grace, Richmond, Va.
29th June	1 cs. cotton pants 8752	Kegan-Grace, Richmond, Va.
14th July	1 cs. cotton pants 8870	Kegan-Grace, Richmond, Va.
4th Aug	1 cs. cotton pants 9053	Kegan-Grace, Richmond, Va.
7th Sept	1 cs. cotton pants 9527	Kegan-Grace, Richmond, Va.
30th Sept 1925	1 cs. shirts 3032	R. M. Co., Wethersfield, Conn.
2nd Jan	1 cs. cotton shirts	Kegan-Grace, Richmond, Va.
5th Jan	1 cs. cotton pants	Kegan-Grace, Richmond, Va.
7th Jan	1 cs. shirts 2 cs. pants	Kegan-Grace, Richmond, Va.
12th Jan	2 cs. cotton pants 991/998	Kegan-Grace, Richmond, Va.
12th Jan	1 cs. cotton pants 1028	Kegan-Grace, Richmond, Va.
12th Jan	1 cs. shirts 151	Rel. Mfg. Co., Wethersfield, Conn.
16th Jan	2 cs. cotton pants 2 cs. cotton pants	Kegan-Grace, Richmond, Va.
19th Jan	1 cs. c. pants	Kegan-Grace, Richmond, Va.
26th Jan	1 cs. shirts 3632	Rel. M. Co., Wethersfield, Conn.
18th Feb	2 cs. cotton pants	Kegan-Grace Co., Richmond, Va.
25th Feb	1 cs. cotton pants	Kegan-Grace Co., Richmond, Va.
27th Feb	4 cs. shirts	Rel. Mfg. Co., Wethersfield, Conn.
27th Feb	1 cs. cotton shirts	Kegan-Grace Co., Richmond, Va.
2nd Mar	3 cs. work shirts	Rel. Mfg. Co., Wethersfield, Conn.
6th Mar	1 cs. cot. work shirts	Rel. Mfg. Co., Wethersfield, Conn.
11th Mar	2 cs. cotton pants	Kegan-Grace Co., Richmond, Va.
13th Mar	1 cs. cotton pants	Kegan-Grace Co., Richmond, Va.
18th Mar	2 cs. cot. work shirts	Rel. Mfg. Co., Wethersfield, Conn.
28th Mar	1 cs. cot. shirts 1882	Kegan-Grace Co., Richmond, Va.
18th May	2 cs. shirts	Rel. Mfg. Co., Wethersfield, Conn.
20th May	2 cs. shirts	Rel. Mfg. Co., Wethersfield, Conn.
3rd July	1 cs. shirts	Rel. Mfg. Co., Wethersfield, Conn.
10th July	1 cs. cotton shirts	Rel. Mfg. Co., Mich. City, Ind.
20th July	2 cs. cotton pants	Kegan-Grace Co., Richmond, Va.

EXHIBIT No. 1—*Concluded.*

CUSTOMS ENQUIRY 1926

KEGAN GRACE & COMPANY, BALTIMORE, MD.

Date	Particulars
1924	
3rd April	1 case cotton overalls
5th April	1 case clothing
13th April	3 cases cotton goods
13th April	2 cases cotton shirts
15th April	1 case cotton shirts
20th April	2 cases cotton pants 1 case cotton shirts
20th April	1 case cotton pants
20th April	1 case shirts
28th April	3 cases cotton shirts 726/735/2538
31st December	1 case cotton shirts
1925	
27th February	1 case cotton shirts

RELIANCE MANUFACTURING COMPANY, GREEN BAY, WIS.

1924	
5th April	1 case children's overalls
14th November	2 cases children's overalls
14th November	2 cases children's overalls
14th November	1 case children's overalls

RELIANCE MANUFACTURING COMPANY, BEDFORD, IND.

1924	
18th May	6 cartons cotton shirts 890/1/2/3/4/5
14th August	6 cartons cotton work shirts 1749/2887/8/9/90 and 2897
19th August	1 case work shirts 3894/5 1 carton
14th September	14 cartons work shirts 3736-39, 3676-79, and 2861-6
18th September	2 cartons work shirts
1st October	1 carton work shirts
1925	
28th January	4 cartons work shirts
27th February	2 cartons work shirts
18th March	2 cases work shirts
18th March	1 carton work shirts
6th April	4 cartons work shirts
24th August	1 carton work shirts
1st May	1 case work shirts
1st May	5 cartons work shirts
22nd May	1 case work shirts
15th July	8 cases c.p. goods
28th August	5 cases work shirts
6th October	2 cases cotton work shirts
7th December	10 cartons work shirts
14th December	9 cartons work shirts
22nd May	2 cartons work shirts

RELIANCE MANUFACTURING COMPANY, BOSTON, MASS.

1924	
13th June	1 case dry goods

RELIANCE MANUFACTURING COMPANY, CHICAGO, ILL.

1924	
20th April	1 case cotton overalls

EXHIBIT No. 2.

CUSTOMS ENQUIRY, 1926

LIST OF SHIPMENTS RECEIVED AT NEWPORT, VT., FROM PRISON CONTRACTORS IN UNITED STATES AND AS SHOWN BY THE FREIGHT RECORDS OF THE BOSTON & MAINE RAILROAD DURING YEARS 1924 AND 1925

Date Received	Consignee	Kleeson Mfg. Co., New York City	Meegan-Grace Co., Baltimore, Md.	Standard Overall Co., Baltimore, Md.	Worthy Mnfg. Co., Chicago, Ill.	Weight (lbs.)	Waybilled from
1924, Jan 17	B. F. Moore & Company				1 case shirts	443	Pendleton, Ind.
Feb. 23	B. F. Moore & Company				1 case shirts	502	Louisville, Ky.
April 26	B. F. Moore & Company		1 case shirts			120	
May 2	B. F. Moore & Company				1 case shirts	400	Louisville, Ky.
May 7	B. F. Moore & Company				1 case shirts	460	Louisville, Ky.
May 12	B. F. Moore & Company				2 cases shirts	535	Berlin, Wis.
May 15	B. F. Moore & Company		1 case shirts			470	Richmond, Va.
May 20	B. F. Moore & Company		1 case shirts			229	Richmond, Va.
May 26	B. F. Moore & Company				1 case shirts	490	Louisville, Ky.
May 28	B. F. Moore & Company				1 case shirts	300	Louisville, Ky.
June 7	B. F. Moore & Company				2 cases shirts	585	Louisville, Ky.
June 7	B. F. Moore & Company				2 cases shirts	765	Louisville, Ky.
June 16	B. F. Moore & Company				1 case shirts	400	Louisville, Ky.
July 18	B. F. Moore & Company				1 case shirts	287	Pendleton, Ind. to Boston F. & T. Co.
July 19	B. F. Moore & Company				1 case shirts	240	Louisville, Ky.
July 24	B. F. Moore & Company	1 case pants				175	Moundsville.
Aug. 12	B. F. Moore & Company				1 case shirts	250	Pendleton, Ind.
Dec. 30	B. F. Moore & Company				1 case shirts	240	Louisville, Ky.
1925, Feb. 5	B. F. Moore & Company				1 case shirts	432	Pendleton, Ind.
Feb. 19	B. F. Moore & Company				1 case shirts	484	Pendleton, Ipd.
Jan. 28	B. F. Moore & Company				1 case shirts	480	Pendleton, Ind.
Mar. 27	B. F. Moore & Company				1 case shirts	463	Louisville, Ky.
Mar. 28	B. F. Moore & Company				1 case shirts	460	Louisville, Ky.
April 11	B. F. Moore & Company			1 case p.c. goods		270	
April 27	B. F. Moore & Company				1 case shirts	307	Louisville, Ky.
May 28	B. F. Moore & Company				3 cases shirts	910	Pendleton, Ind.
May 26	B. F. Moore & Company				1 case shirts	116	
May 18	B. F. Moore & Company				1 case shirts	112	Pendleton, Ind.
June 1	B. F. Moore & Company				2 cases shirts	387	Pendleton, Ind.
Aug. 15	B. F. Moore & Company				1 case shirts	491	Pendleton, Ind.
Aug. 20	B. F. Moore & Company				1 case shirts	453	Pendleton, Ind.
Aug. 31	B. F. Moore & Company				1 case shirts	501	Pendleton, Ind.
Sept. 9	B. F. Moore & Company				1 case shirts	502	Pendleton, Ind.
Sept. 22	B. F. Moore & Company				2 cases shirts	998	Pendleton, Ind.
Oct. 15	B. F. Moore & Company				1 case shirts	496	Louisville, Ky.
Oct. 19	B. F. Moore & Company				1 case shirts	490	Pendleton, Ind.
1924, Jan. 26	New England Apparel Co		1 case pants			460	Richmond.
1925							Nil.
1924	C. J. Harrison						Nil.
1925, Mar. 26	C. J. Harrison		1 case overalls			230	Boston.
1924 and 1925	Snag Proof Limited						Nil.
1924 and 1925							Nil.
1924 and 1925	F. W. Moore						Nil.
1924 and 1925	Stanstead Manufacturing Co.						Nil.
1924 and 1925	E. A. Young						Nil.
	Totals	1 case.	5 cases.	1 case.	38 cases.	15,923 lbs.	

EXHIBIT No. 2—*Continued.*

CUSTOMS ENQUIRY 1926

LIST OF SHIPMENTS RECEIVED AT DERBY LINE, VT., FROM PRISON CONTRACTORS IN UNITED STATES AND AS SHOWN BY THE FREIGHT RECORDS OF THE BOSTON AND MAINE RAILROAD DURING YEARS 1924 AND 1925

Date Received	Consignee	Kleeson Mnfg. Co., New York City	Keegan-Grace Co., Baltimore, Md.	Reliance Mnfg. Co., Chicago, Ill.	Weight (Lbs.)	Waybilled from
1924	Derby overall Company					Nil.
1925, June 8	Derby overall Company			1 case cotton pants	400	Portland, Me.
June 15	Derby overall Company			2 cases cotton pants	780	Portland, Me.
June 19	Derby overall Company			2 cases cotton pants	840	Portland, Me.
Aug. 28	Derby overall Company			1 case cotton pants	500	Portland, Me.
Oct. 16	Derby overall Company			1 case cotton pants	450	Portland, Me.
Oct. 16	Derby overall Company			1 case cotton pants	300	Portland, Me.
Oct. 23	Derby overall Company			1 case cotton pants	520	Portland, Me.
Oct. 30	Derby overall Company			1 case cotton pants	530	Portland, Me.
Nov. 18	Derby overall Company			1 case cotton pants	520	Portland, Me.
1924, Jan. 4	Gilmore Bros		1 case cotton pants		400	New Birmingham.
Jan. 4	Gilmore Bros		2 cases cotton pants		800	New Birmingham.
Feb. 11	Gilmore Bros		1 case cotton overalls		120	Baltimore.
April 16	Gilmore Bros	2 cases cotton pants			1,300	Baltimore, W. Va.
Sept. 26	Gilmore Bros		1 case cotton pants		86	Richmond.
1925, Mar. 23	Gilmore Bros		1 case cotton shirts		252	Richmond.
1924 and 1925	Northern cotton Exchange					Nil.
1924, Jan. 1	New England Apparel		1 case cotton pants		595	Richmond.
Jan. 4	New England Apparel			2 cases shirts	842	Weathersfield.
Jan. 4	New England Apparel			2 cases cotton shirts	789	Weathersfield.
Jan. 7	New England Apparel		1 case cotton shirts		250	Baltimore.
Jan. 7	New England Apparel		1 case cotton shirts		316	Baltimore.
Jan. 7	New England Apparel		1 case cotton ssirts		290	Baltimore.
Jan. 7	New England Apparel		1 case cotton shirts		440	Baltimore.
Jan. 7	New England Apparel		1 case cotton shirts		120	Richmond.
Jan. 7	New England Apparel		4 cases clothing		2,330	Richmond.
Jan. 9	New England Apparel		1 case shirts		600	Richmond.
Jan. 9	New England Apparel		1 case shirts		445	Richmond.
Jan. 9	New England Apparel		1 case shirts		360	Richmond.
Jan. 11	New England Apparel			1 case shirts	485	Wisherville.
Jan. 11	New England Apparel		2 cases overalls 3 cases shirts		2,041	Richmond.
Jan. 11	New England Apparel		1 case overalls		684	Richmond.
Jan. 14	New England Apparel			2 cases wk. shirts	500	Michigan City.
Jan. 14	New England Apparel			3 cases wk. shirts	875	Michigan City.
Jan. 14	New England Apparel			3 cases childs overalls	1,300	Depew, Wis.
Jan. 14	New England Apparel		1 case cotton shirts		330	Richmond.
Jan. 21	New England Apparel				390	Buffalo.
Jan. 21	New England Apparel		1 case		580	Richmond.
Jan. 21	New England Apparel		1 case cotton shirts		330	Baltimore.
Jan. 21	New England Apparel		1 case cotton pants		397	Baltimore.
Jan. 22	New England Apparel		1 case cotton shirts		600	Baltimore.
Jan. 23	New England Apparel		1 case overalls		500	Baltimore.

EXHIBIT No. 2.—*Continued.*

CUSTOMS ENQUIRY 1926

LIST OF SHIPMENTS RECEIVED AT DERBY LINE, VT., FROM PRISON CONTRACTORS IN UNITED STATES AND AS SHOWN BY THE FREIGHT RECORDS OF THE BOSTON AND MAINE RAILROAD DURING YEARS 1924 AND 1925

Date Received	Consignee	Kleeson Mnfg. Co., New York City	Keegan-Grace Co., Baltimore, Md.	Reliance Mnfg. Co., Chicago, Ill.	Weight (Lbs.)	Waybilled from
1924, Jan. 23	New England Apparel Co			2 cases childs' overalls	735	Milwaukee.
Jan. 25	New England Apparel Co			1 case work shirts	364	Beddeford.
Jan. 25	New England Apparel Co			12 cases work shirts	936	Beddeford.
Jan. 25	New England Apparel Co			20 cases work shirts	1,728	Beddeford.
Jan. 30	New England Apparel Co		2 cases cotton pants		986	Richmond.
Jan. 30	New England Apparel Co		1 case overalls 1 case overalls		948	Richmond.
Jan. 30	New England Apparel Co		2 cases cotton pants		625	Richmond.
Jan. 30	New England Apparel Co		4 cases cotton pants		1,719	Richmond.
Feb. 1	New England Apparel Co		1 case cotton pants		460	Richmond.
Feb. 1	New England Apparel Co			1 case shirts	334	Bedford.
Feb. 4	New England Apparel Co		1 case cotton shirts		600	Richmond.
Feb. 5	New England Apparel Co		1 case coats 1 case pants		590	Richmond.
Feb. 8	New England Apparel Co		1 case overalls		300	Richmond.
Feb. 8	New England Apparel Co		2 cases cotton shirts		740	Richmond.
Feb. 11	New England Apparel Co			4 cartons shirts	779	Bedford.
Feb. 11	New England Apparel Co		1 case pants		515	Baltimore.
Feb. 13	New England Apparel Co		1 case cotton overalls		270	Baltimore.
Feb. 15	New England Apparel Co		2 cases clothing		845	New Freedom.
Feb. 15	New England Apparel Co		2 cases cotton overalls		1,148	Richmond, Va.
Feb. 18	New England Apparel Co		1 case cotton pants		610	Richmond, Va.
Feb. 18	New England Apparel Co		1 case cotton shirts		165	Richmond, Va.
Feb. 22	New England Apparel Co		1 case cotton shirts		288	Richmond, Va.
Feb. 27	New England Apparel Co		1 case cotton shirts		300	Richmond, Va.
Mar. 7	New England Apparel Co		1 case cotton shirts		130	Richmond, Va.
Mar. 10	New England Apparel Co		1 case overalls		300	Richmond, Va.
Mar. 19	New England Apparel Co		2 cases cotton shirts		680	Richmond, Va.
Mar. 24	New England Apparel Co		2 cases cotton shirts		530	Richmond, Va.
Mar. 24	New England Apparel Co		2 cases cotton pants 1 case cotton shirts		631	Richmond, Va.
Mar. 24	New England Apparel Co		2 cases cotton pants 1 case cotton shirts		1,335	Richmond, Va.
Mar. 24	New England Apoarel Co		2 cases cotton pants		1,183	Richmond, Va.
Mar. 24	New England Apparel Co		1 case cotton pants		625	Richmond, Va.
Mar. 24	New England Apparel Co		3 cases cotton pants		1,716	Richmond, Va.
Mar. 26	New England Apparel Co		1 case cotton shirts		300	Richmond, Va.
Mar. 28	New England Apparel Co		2 cases cotton pants		778	Richmond, Va.
Mar. 28	New England Apparel Co		2 cases cotton shirts		811	Richmond, Va.
April 1	New England Apparel Co		1 case cotton pants		353	Richmond, Va.
April 1	New England Apparel Co		1 case cotton shirts		300	Richmond, Va.
April 1	New England Apparel Co		1 case cotton pants		287	Richmond, Va.
April 1	New England Apparel Co		2 cases cotton pants		787	Richmond, Va.
April 4	New England Apparel Co		1 case cotton overalls		299	Baltimore.

	April 7	New England Apparel Co			1 case child's overalls	425 Green Bay, Wis.
	April 7	New England Apparel Co		1 case clothing		500 New Freedom.
	April 14	New England Apparel Co		2 cases cotton shirts		669 Richmond.
	April 14	New England Apparel Co		1 case cotton pants		332 Richmond.
	April 14	New England Apparel Co		2 cases cotton shirts		554 Richmond.
	April 16	New England Apparel Co		1 case cotton shirts		174 Richmond.
	April 16	New England Apparel Co		1 case cotton shirts		315 Richmond.
	April 21	New England Apparel Co		2 cases cotton pants		820 Richmond.
	April 21	New England Apparel Co		1 case cotton shirts		315 Richmond.
1924,	April 21	New England Apparel Co		1 case cotton pants		462 Richmond.
1924,	April 21	New England Apparel Co		1 case shirts		345 E. St. Louis.
1924,	April 21	New England Apparel Co			1 case children's overalls	440 Chicago.
1924,	April 25	New England Apparel Co		2 cases clothing		540 New Freedom.
1924,	April 28	New England Apparel Co		3 cases cotton shirts		1,210 Baltimore.
1924,	April 28	New England Apparel Co		4 cases clothing		1,615 New Freedom.
1924,	April 28	New England Apparel Co		1 case cotton shirts		300 Richmond.
1924,	April 28	New England Apparel Co		1 case cotton pants		237 Richmond.
1924,	April 28	New England Apparel Co		2 cases cotton pants		589 Richmond.
1924,	April 28					182 Chicago—(1 case cotton overalls, no further information available).
1924,	May 26	New England Apparel Co		1 case cotton pants		570
1924,	May 26	New England Apparel Co		1 case cotton shirts		315 Richmond.
1924,	May 26	New England Apparel Co		1 case cotton pants		450 Richmond.
1924,	May 2	New England Apparel Co		1 case cotton shirts		320 Richmond.
1924,	May 5	New England Apparel Co		1 case cotton pants		435 Richmond.
1924,	May 5	New England Apparel Co		1 case cotton shirts		395 Richmond.
1924,	May 5	New England Apparel Co		2 cases cotton pants		986 Richmond.
1924,	May 5	New England Apparel Co		2 cases cotton shirts		570 Richmond.
1924,	May 9	New England Apparel Co		1 case cotton pants		846 Richmond.
1924,	May 13	New England Apparel Co		1 case cotton pants		623 Richmond.
1924,	May 13	New England Apparel Co		2 cases cotton pants		1,171 Richmond.
1924,	May 13	New England Apparel Co		1 case cotton shirts		214 Richmond.
1924,	May 13	New England Apparel Co		2 cases cotton pants		795 Richmond.
1924,	May 13	New England Apparel Co		1 case cotton pants		550 Richmond.
1924,	May 14	New England Apparel Co		2 cases cotton shirts		637 Richmond.
1924,	May 14	New England Apparel Co		3 cases cotton pants		1,764 Richmond.
1924,	May 16	New England Apparel Co		1 case cotton pants		214 Richmond.
1924,	May 16	New England Apparel Co		1 case cotton shirts		240 Richmond.
1924,	May 21	New England Apparel Co		1 case cotton pants		292 Richmond.
1924,	May 21	New England Apparel Co		1 case cotton shirts		315 Richmond.
1924,	May 21	New England Apparel Co		2 cases clothing		775 New Freedom, Pa.
1924,	May 21	New England Apparel Co		3 cases clothing		1,327 New Freedom, Pa.
1924,	May 19	New England Apparel Co			6 packages cotton shirts	534 Bedford.
1924,	May 23	New England Apparel Co			2 cases childs overalls	660 Greenbay, Wis.
1924,	June 16	New England Apparel Co			1 case dry goods	250 Boston.
1924,	June 27	New England Apparel Co		5 cases clothing		1,815 Richmond.
1924,	June 13	New England Apparel Co		1 case shirts		565 Richmond.
1924,	June 13	New England Apparel Co		1 case cotton pants		547 Richmond.
1924,	June 11	New England Apparel Co		1 case shirts		500 Richmond.
1924,	June 2	New England Apparel Co		1 case shirts		510 Richmond.
1924,	June 2	New England Apparel Co		1 case shirts		292 Richmond.
1924,	June 2	New England Apparel Co		1 case shirts		285 Richmond.
1924,	June 2	New England Apparel Co		1 case shirts		494 Richmond.
1924,	July 14	New England Apparel Co		1 case cotton pants		161 Richmond.
1924,	July 1	New England Apparel Co		1 case cotton pants		320 Richmond.
1924,	Aug. 4	New England Apparel Co		1 case cotton pants		167 Richmond.
1924,	Aug. 15	New England Apparel Co			6 cartons shirts	940 Bedford.

EXHIBIT No. 2—*Concluded.*

CUSTOMS ENQUIRY 1926

LIST OF SHIPMENTS RECEIVED AT DERBY LINE, VT., FROM PRISON CONTRACTORS IN UNITED STATES AND AS SHOWN BY THE FREIGHT RECORDS OF THE BOSTON AND MAINE RAILROAD DURING YEARS 1924 AND 1925

Date Received	Consignee	Kleeson Mnfg. Co., New York City	Keegan-Grace Co., Baltimore, Md.	Reliance Mnfg. Co., Chicago, Ill.	Weight (Lbs.)	Waybilled from
1924, Aug. 20	New England Apparel Co			2 cases shirts	532	Bedford.
1924, Sept. 15	New England Apparel Co			14 cases shirts	1,138	Bedford.
1924, Sept. 19	New England Apparel Co			2 cases shirts	146	Bedford.
1924, Sept. 8	New England Apparel Co		1 case cotton pants		585	Richmond.
1924, Sept. 10	New England Apparel Co			1 case cotton shirts	240	Michigan City.
1924, Sept. 19	New England Apparel Co			1 case child's overalls	330	Buffalo.
Oct. 10	New England Apparel Co		1 case cotton pants		585	Richmond.
Oct. 1	New England Apparel Co			1 case work shirts	240	Weathersfield.
Oct. 3	New England Apparel Co			1 case work shirts	54	Bedford.
Nov. 14	New England Apparel Co			2 cases child's overalls	700	Greenbay.
Nov. 14	New England Apparel Co			1 case child's overalls	350	Greenbay.
Nov. 14	New England Apparel Co			2 cases child's overalls	710	Greenbay.
1925, Jan. 1	New England Apparel Co		1 case cotton shirts		250	Baltimore.
Jan. 2	New England Apparel Co		1 case cotton shirts		250	Richmond.
Jan. 5	New England Apparel Co		1 case cotton pants		480	Richmond.
Jan. 7	New England Apparel Co		1 case cotton shirts		370	Richmond.
Jan. 7	New England Apparel Co		3 cases cotton pants		934	Richmond.
Jan. 12	New England Apparel Co		2 cases cotton pants		1,182	Richmond.
Jan. 12	New England Apparel Co		1 case cotton pants		610	Richmond.
Jan. 12	New England Apparel Co			1 case cotton shirts	495	Weathersfield.
Jan. 16	New England Apparel Co		1 case cotton pants		1,229	Richmond.
Jan. 16	New England Apparel Co		2 cases cotton pants		999	Richmond.
Jan. 19	New England Apparel Co		1 case cotton pants		150	Richmond.
Jan. 26	New England Apparel Co			1 case shirts	210	Weathersfield.
Jan. 28	New England Apparel Co			4 cartons work shirts	356	Bedford, Ind.
Feb. 18	New England Apparel Co		2 cases cotton pants		1,265	Richmond.
Feb. 20	New England Apparel Co		1 case work shirts		101	Richmond.
Feb. 25	New England Apparel Co		1 case cotton pants		505	Richmond.
Feb. 27	New England Apparel Co			4 cases cotton shirts	1,520	Weathersfield.
Feb. 27	New England Apparel Co		1 case cotton shirts		290	Baltimore.
Feb. 27	New England Apparel Co		1 case cotton shirts		150	Richmond.
Feb. 27	New England Apparel Co			2 cartons work shirts	156	Bedford, Ind.
Mar. 2	New England Apparel Co			1 case cotton shirts	64	Weathersfield.
Mar. 2	New England Apparel Co			1 case cotton shirts	436	Weathersfield.
Mar 2	New England Apparel Co			1 case cotton shirts	280	Weathersfield.
Mar. 6	New England Apparel Co			1 case cotton shirts	750	Weathersfield.
Mar. 9	New England Apparel Co		1 case cotton shirts		149	Richmond.
Mar. 11	New England Apparel Co		1 case cotton shirts		1,151	Richmond.
Mar. 13	New England Apparel Co		1 case cotton pants		551	Richmond.
Mar. 18	New England Apparel Co			2 cases cotton shirts	671	Weathersfield.
Mar. 18	New England Apparel Co			2 cases work shirts	748	Bedford.
Mar. 18	New England Apparel Co			1 carton work shirts	95	
Mar. 23	New England Apparel Co		1 case cotton shirts		285	Richmond.
April 6	New England Apparel Co			4 cartons work shirts	213	Bedford, Ind.

April 24	New England Apparel Co			1 carton work shirts	196	Bedford, Ind.
May 1	New England Apparel Co			5 cartons work shirts	390	Bedford, Ind.
May 1	New England Apparel Co			1 case work shirts	237	Bedford, Ind.
May 15	New England Apparel Co			4 cartons work shirts	312	Bedford, Ind.
May 18	New England Apparel Co			2 cases shirts	831	Weathersfield, Conn.
May 22	New England Apparel Co			1 case work shirts	360	Bedford.
May 22	New England Apparel Co			2 cases work shirts	146	
July 3	New England Apparel Co			1 case shirts	475	Weathersfield.
July 10	New England Apparel Co			1 case cotton shirts	350	Michigan City.
July 15	New England Apparel Co			7 cartons work shirts	619	Bedford, Ind.
July 15	New England Apparel Co			1 case cotton pants	364	
Aug. 1	New England Apparel Co			2 cartons work shirts	178	Bedford, Ind.
Aug. 28	New England Apparel Co			5 cartons work shirts	410	Bedford, Ind.
Dec. 5	New England Apparel Co			2 cartons work shirts	178	Bedford, Ind.
Dec. 7	New England Apparel Co			10 cartons work shirts	832	Bedford, Ind.
Dec. 14	New England Apparel Co			3 cartons work shirts	749	Bedford, Ind.
1924 and 1925	Jas. A. Gilmore Co					Nil.
1924, Jan. 4	Jenkins Overall Co			1 case shirts		Weathersfiield.
1924, Jan. 1	Jenkins Overall Co			1 case overalls		Depew.
1925, May 15	Jenkins Limited			1 carton shirts		Bedford, Ind.
1924 and 1925	R. & G. Manufacturing Co					Nil.
1924 and 1925	Peerless Overall					Nil.
1924 and 1925	Rock Island Overall					Nil.
1924 and 1925	Reliable Garment Co					Nil.
1924 and 1925	Stanstead Manufacturing Co					Nil.
1924 and 1925	W. N. Pike					Nil.
1924 and 1925	Telford Bros. Garment Co					Nil.
1924 and 1925	Telford & Chapman					Nil.
	Totals	2 cases	187 cases	113 cases 65 cartons 6 packages	112,046 lbs.	

JOSEPH KELLERT, called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Kellert, are you in the Preventive Service of the Customs Department, at Montreal?—A. I have not been since December.

Q. Before December were you?—A. For two and a half years.

Q. Do you remember the date of your entering the Preventive Service?—A. I think about the 18th of June, 1923.

Q. Who retained your services, who got you into the Preventive Service?—A. Mr. Jacobs.

Q. Was Mr. Bisaillon your chief at the time you entered?—A. He was, sir.

Q. Did you have any special understanding, of any kind, with Mr. Bisaillon?—A. I had no special understanding, no more than in cases when I was sent out, I was to report to him and take his orders.

Q. Was there any arrangement ever made between you and Mr. Bisaillon as to moieties?—A. Never, sir.

Q. Did you take part in the seizures of 1924, in the fall?—A. At Rock Island, I took part in all of them, sir.

Q. Did you investigate before any such seizure took place?—A. I did, sir.

Q. How long before the seizures took place were you investigating?—A. I first went there, about, as near as I can remember, within a day or two of the 17th of September, 1923.

Q. Who instructed you to go there?—A. Mr. Bisaillon instructed me.

Q. What was the nature of his instructions; what were you to look for?—A. He stated he had received a communication from Mr. Brownlee, who is the Collector at Rock Island and stationed at Beebe, that there was a lot of smuggling going on, that he was to send some men out. I was detailed on that and have his letter to that effect.

Q. Have you got his letter of instruction?—A. I have got his letter to go out there.

Q. Will you show it to me?—A. You will find it is here, sir, and my report.

Q. On September 17th you received the following letter from Mr. Bisaillon, Preventive Service, Montreal:

"SEPTEMBER, 17th, 1924.

To J. S. KELLERT, Esq.,
Preventive Service,
Montreal.

DEAR SIR,—You are hereby instructed to proceed to Beebe Junction, P.Q., and report to Mr. E. Brownlee, Collector of Customs and Excise, who will furnish you with information regarding certain firms at Rock Island, P.Q., said to be smuggling goods into Canada.

Yours truly,

J. E. BISAILLON,
Acting Officer in Charge Preventive Service."

The CHAIRMAN: Is it sealed?

Mr. CALDER, K.C.: There is "Customs and Excise, Canada. Preventive Service. Montreal Office, 17/9/24."

By Mr. Calder, K.C.:

Q. Did you go down the same day?—A. I think I did, or the following morning; I would not be sure about that.

Q. What was the first thing you did when you arrived there?—A. We went out to see Mr. Brownlee and interviewed him, as well as Mr. Knight, Assistant,

and Mr. Paquette, who is stationed at Rock Island in the Customs, and after making inquiries wherever I could I came back and made the report which is attached.

Q. Yes, that report is September 19, 1924?—A. Yes, sir.

Q. In the meantime had you made any seizures?—A. Yes, sir.

Q. What seizures had you made?—A. I made seizures on the Jenkins Overall Company Limited.

Q. In as much as you made your report on the date which it bears, September 19?—A. Yes, that was the following day, Saturday.

Q. After the seizure?—A. Friday was the seizure day.

Q. Your notification of seizure is signed the 19th.—A. Well, then, I may be wrong on the date.

Q. I suppose, when you made this report the facts were fresh in your memory?—A. Yes, sir.

Q. And you are prepared to stand by the truth of your report?—A. I always stand by what I say.

Mr. CALDER, K.C.: I will now read this report which will save examining the witness and probably having to refer to the report anyway:

EXHIBIT No. 208.

"PORT OF MONTREAL, September 19, 1924.

To Mr. J. S. BISAILLON,
Acting Officer in charge,
Customs, Excise Preventive Officers,
Montreal, Quebec.

DEAR SIR:—I beg to report that pursuant to your instruction I proceeded to Beebe Junction accompanied by officer G. A. Loranger for the purpose of interviewing Mr. E. Brownlee, Collector of Customs and Excise, who was supposed to furnish us with information regarding certain firms at Rock Island, said to be smuggling goods into Canada.

As it was midnight when we arrived at Beebe Junction we proceeded on to Rock Island where we remained over night.

On the morning of the 18th we took an automobile and returned to Beebe Junction and interviewed Mr. Brownlee. He stated he had no definite information to give us. It was all supposition, but he could give us no actual facts. He stated that he knew that there was smuggling going on, but it was impossible for his men and himself, who had been watching the frontier for a long time past, to catch them at it.

After interviewing a couple of Canadian officers at Beebe Junction, they could not give us any information that could help us, so we returned to Rock Island and interviewed Mr. Knight, Sub-Collector of Customs, etc. He also said that he was quite sure that there was a lot of smuggling going on and Mr. Paquet and himself had spent many a night endeavouring to catch these smugglers in the act, but it was an utter impossibility. He also stated that officers Holmes and Chartier had made special efforts and had spent whole nights trying to catch them, but of no avail.

It seems that a man by the name of Edward Seguin has a motor truck and does the carting for the various firms, and he is known as an old offender in the smuggling line. His truck is a Chevrolet, license number L.904.

From what we can learn these various factories at Rock Island have a well organized gang consisting of young boys and girls, and as far as that, even men and women employed in various kinds of work in the village, who keep them posted as to the movements of the officers,

as well as any stranger that might come in the village, and they seem to know when the officers are around, and it is tipped off to this man Seguin, who halts his operation and awaits a favourable time.

The situation around Rock Island and Derby Line is no doubt well known to the Department and it is so easy to get goods over the line.

Officer Loranger and I stayed out until one a.m. watching certain points to see if anything came over, but we did not succeed.

On the morning of the 19th I interviewed Mr. Rice, the United States Collector at Derby Line. He stated that it was a well known fact that there was quite a lot of smuggling going on, but it was nigh impossible as there was so many highways and by-ways, it was impossible to watch them all.

Mr. Knight informed me that Jenkin's factory had passed an import entry on December 31, '23, for $499, consisting of cottons, shirts, and pants, and they passed another entry on February 11, '24, consisting of $1,566 worth of denims.

After getting the above information, accompanied by Officer Loranger, we proceeded to Jenkin's factory. I interviewed him and explained to him what my mission was. He received us in a nice calm manner, and stated that he had nothing in his factory that we could not look over and was quite willing we should inspect his factory, and after further conversation I told him there was no use beating about the bush, we had the evidence and if he did not come across with the truth that I would be compelled to take his keys, books, invoices, etc., and put them in seizure.

He called me out of his office and asked to speak to me alone, and stated that no doubt we had the goods on him, and admitted that he had done a little smuggling, but that he would show me the goods that duty had not been paid on, and was quite willing to pay the duty and settle. We carefully looked around the factory, but could not see any more American goods than what he declared. It is very hard to tell American goods from the Canadian. He stated that he was doing nothing more than all the other manufacturers were doing, and he gave us a list of the goods which we seized, which you will please find enclosed.

I also obtained a list of all the factories in Rock Island, which you will please find enclosed. We also made him acknowledge, in writing, that the goods were under seizure, and were the property of the King, and also had him acknowledge in writing that he had smuggled the goods contained in the list.

He asked me as a particular favour not to give this any publicity, and that he would be responsible for the goods which we left in his factory. The total amount of seizure which we made amounted to $461.40. He also stated that if we treated him right he would give us some information regarding the other factories.

The only reason that I left the goods in his place was to gain his confidence.

Regarding the invoices. American goods are kept in his factory at Derby Line, and as far as his books are concerned, he was ready to have me go over them, but as I am no auditor, I would not have much headway in that direction.

As this was all we could do, we returned to Montreal.

I have the honour to be, Sir,

Your obedient servent,

(Signed) J. S. KELLART,

Inspector, Customs Excise Preventive Officers."

To this attached the following notification of seizure on the bill head of the Jenkins Overalls Limited:

"ROCK ISLAND, QUEBEC, September 19th, 1924.

We hereby inform you that we seize to-day on your hands the following goods:

832 yards denim at 20 cents	$166 40
14 dozen cotton pants at $9	133 00
18 dozen shirts at $9	162 00
Total	$461 40

and are the property of the King, and remain seized until settlement is made by Customs Department.

(Signed) J. S. KELLART,
(Signed) G. A. LORANGER,
Customs Excise Enforcement Officers."

And attached to that again, on the bill head of the Jenkins Overalls Limited, following a calculation in pencil of the value of the goods seized, is the following declaration:

"I hereby declare that the above goods are all that I have brought into Canada to the best of my knowledge and belief, in contravention of The Canada Customs Act. The above to be of the same and force as if was taken under oath, in the presence of the Customs Officers, J. S. Kellart and G. A. Loranger.

(Signed) JENKINS OVERALLS LIMITED,
C. R. JENKINS."

Report and the documents attached filed as Exhibit No. 208.

By Mr. Calder, K.C.:

Q. Mr. Kellart, did you improve the opportunity of getting information from Mr. Jenkins?—A. Well, I did in a measure.

Q. And you got certain information from him upon which subsequent seizures were made, is that it?—A. Yes, sir.

Q. All right. As that is hearsay we won't ask you what it is.

Q. Will you describe to us the situation down at Beebe, Quebec, with regard to the warehouses and garages on the border?—A. Around Beebe and Rock Island, the situation in regard to the people that do the smuggling is pretty near the same. They have a sort of little shed that they term a warehouse, and these goods come consigned to Derby Line, Vermont, and they keep it in that little shed or warehouse, as they term it, until they get a chance to haul it over to the Canadian side.

Q. That is done by truck?—A. Well, some of the sheds are so close that they roll them down.

Q. Some of the sheds are so close to the factories concerned, that they roll the goods down?—A. Just roll them in.

Q. Throw them across?—A. Yes sir.

Q. Is that true both of Rock Island and Beebe, the proximity of the warehouses to the factories?—A. More so in Rock Island.

Q. Do you know of any factory in Rock Island that is actually built over the stream, in order that a little corner of it may be in Canada, and part of the building in the United States?—A. Well, the whip people are that way, but there was nothing wrong with them. We went over them.

Q. At that time?—A. Yes, at that time.

Q. Is that the little one that has a corner over the river?—A. Well, the whip people are over in Derby Line, but part of their factory is in Canada.

Q. What is that other factory that is there?

Hon. Mr. STEVENS: Butterfield's?

The WITNESS: They are in the machine business, or something—machinery. I had nothing to do with them, sir.

Hon. Mr. STEVENS: I do not remember that one that has a corner over the stream.

Mr. CALDER, K.C.: I am instructed that that is what it is. The one I am talking about is the small blue factory, a frame building. However, it is not of much importance.

By Mr. Calder, K.C.:

Q. Do you know the Hilaire farm?—A. That is in Beebe.

Q. Beebe Plains, or Beebe, Quebec?—A. Beebe, Quebec.

Q. Is there a right of way through that farm?—A. There was two gentlemen obtained a right of way to go through the farm in order to get away from the highway.

Q. Who are those two gentlemen?—A. One is Mr. Turner, and the other—from memory—is Lyman House.

Q. So according to the information you have, these two gentlemen obtained a right of way through that farm in order to avoid the highway?—A. They could go right into a barn that is close to the Canadian side; right from Newport.

Q. They could go from Newport to a barn on the farm.—A. There is a road that leads off from the main road to Newport, to Derby Line, and Stanstead, and there is a road that they call the Smugglers' Road.

Q. That road is called the Smugglers' Road?—A. Yes. Now, when they get near Beebe, Allaire owns the farm there, and they got the right of way of several acres before they come to Beebe Plains, and Beebe, Canada, which are adjoining one another. Instead of going right through on the highway, as it were the Smugglers' Road, why they just cut off there and put that stuff in the barn.

Q. Have they a right of way through the Hilaire farm in order to take it to a Canadian road after that?—A. I believe one part of that big barn is situated in Canada.

Q. And I suppose there is a farm road leading from the barn to the front of the farm?—A. Yes.

Q. In Canada?—A. Yes.

Q. Mr. Jenkins, during your seizure of the Jenkins Overall Company, was kind enough to pick out a few of the goods you could seize?—A. Yes sir, I let him do that.

Q. That was in itself an admission?—A. All I wanted was to get an admission, to get him thinking my way.

Q. Was that the evidence on which the seizure for $5,000 was subsequently effected?—A. Well, no, this was just merely to open the door so that we could peek in and see what was there.

Q. Tell us about the following seizure; the large seizure. Have you a report on that?—A. I have not got a report on that.

Q. Was a report on that made?—A. There was a report made by Mr. Laing, who was assisting me as auditor.

Q. Can you tell us how that seizure was effected and what was the result of it? How long afterwards was it effected?—A. Well, when I got back on the 19th of September, 1924, after making the report which you have already read, Mr. Bisaillon did not instruct me to go out again until the 6th of October, which was probably about 18 or 19 days afterwards.

Q. Did he assign any reason for this delay?—A. Nothing, sir.

Q. When you did go out, was it upon a very sudden order?—A. Well, he called me in the office, and he says "Now you go back to Rock Island; I am sending Mr. Laing with you."

Q. Was that the time he sent down practically the whole Preventive Service?—A. No, that was some time after.

Q. Some time after again?—A. Yes.

Q. Will you look at this document, K-9, now shown, and state whether that is the seizure report on the second seizure in order of time, levied by you on the Jenkins Overall Company?—A. Yes sir, that is it.

Q. Probably that had better be read. This K-9 reads as follows:

"On the 8th day of October, 1924, I, J. Bisaillon,"

Did Mr. Bisaillon go down with you?—A. He did not go with me. He came, I think, a couple of days afterwards.

Q. After the seizure had been made?—A. No, I think that was made the day the seizure was made.

Mr. CALDER, K.C. (Reading):

"I, J. E. Bisaillon, Acting Officer in Charge of Preventive Servce in His Majesty's Customs, duly appointed and sworn as such, did seize pro forma the following described goods, to wit: Unable to obtain definitely total amount of smuggled goods, on account of this firm keeping a set of books for American goods on the American side, therefore, all records were not available and the total amount of the seizure was estimated to be $5,000. This is to the best of my knowledge. Of the probable value of $5,000, duty paid, and infraction of the revenue laws of the Dominion of Canada—that is to say, for having smuggled goods into Canada from the United States. Wherefore, the said goods or the value thereof, became liable to forfeiture under the provisions of the Customs laws. The said goods being to the best of my knowledge and belief, the property of Messrs. Jenkins Overall Co., Rock Island, Quebec, whose post office address is , and at the time of this seizure in the possession or custody of the owner at Rock Island.

I, the said Officer of Customs, do charge Messrs. the Jenkins Overall Company, of Rock Island, Quebec, with contravention of the Customs law as follows; viz: for having smuggled goods into Canada from the United States. The circumstances which led to the foregoing seizure, detention or charges, were as follows: the seizure resulted from inspection made by Special Officer Kellert, and Loranger, on September 18, and a further investigation covering complete inspection of all freight and express manifests from December, 1922, to date.

By whom was assistance rendered: Inspector Arthur Laing; Special Officers J. D. Kellert, G. A. Loranger, and W. Duval.

The said reputed or supposed owners are in such circumstances as to be unable to pay the penalty fixed by law for the said contravention thereof, and have not been heretofore guilty of a similar offence, to my knowledge. At the date hereof, the said owners have claimed the said goods and made a deposit. Delivery made on the said seizure to the Deputy Minister of Customs and Excise at Ottawa, on November 3rd, 1924.

Dated at Montreal this 3rd day of November, 1924.

The undersigned Chief Customs-Excise Preventive Service acknowledges delivery of the above-named deposit as stated."

I might as well read into the record the decision on this?

The CHAIRMAN: Yes.

Mr. CALDER, K.C. (Reading):

"This is a charge against the Jenkins Overall Company, Rock Island, Quebec, for having smuggled cotton piece goods into Canada. The duty paid value of the goods is reported to be $5,000, and pending decision, a deposit of that amount has been made.

In September last, Special Customs officers, acting on instructions, examined the records of goods arriving by freight and express at Derby Line, Vermont, and ascertained that several shipments had arrived there for the Jenkins Overall Company, Rock Island. The officers investigated at the office of this company, but when they requested the proprietors to produce their office records, they refused to do so. They were then advised that the goods then on hand on their premises were under Customs seizure, until such time as they were prepared to supply the information required.

The officers were unable to arrive at a correct calculation of the amount of goods which had been smuggled into Canada, but from the freight and express records, arrived at an estimate and requested from the Jenkins Overall Company a deposit of $5,000, the estimated duty-paid value of the smuggled goods, which deposit was made. The goods, which had been placed under seizure, were then released.

Replying to Notice of Seizure, Jenkins Overall Company in an affidavit filed with the department, claimed that the settlement as made, pending decision, was greatly in excess of the actual amount of goods smuggled.

The amount of deposit was arrived at in the following manner:—

Estimated value of smuggled goods..	$3,773
Duty..	1,227
Total..	$5,000

I would recommend that the deposit be and remain forfeited, and be dealt with accordingly, reserving the right to take such further action as the Crown may be advised."

Initialled "C. P. B." and signed "R. R. Farrow, *Deputy Minister.*"

Decision of the Minister of Customs and Excise in the foregoing matter is in the terms of the above recommendation.

JACQUES BUREAU,
Minister of Customs.
per W. I."

By Mr. Calder, K.C.:

Q. From whom did you receive the deposit that was mentioned in this K-9?—A. I did not receive no deposit from Jenkins. Mr. Bisaillon was anxious to receive all them deposits himself.

Q. Do you know who actually made the deposit? Whose cheques were handed over?—A. There was one cheque signed by the Jenkins people for $2,500.

Q. And the other?—A. Then there was another cheque that was handed to me, to go over and get it marked.

Q. Accepted?—A. Accepted, at Coaticooke.

Q. Who gave you that?—A. Mr. Bisaillon gave me that. It was a cheque signed by Mr. Baldwin.

Q. W. K. Baldwin?—A. Yes, the member at Stanstead.

Q. On whose deposit was it drawn? A business or personal deposit?—A. I couldn't say that. The cheque was made out, I think, to the Receiver General.

Q. And you took it to Coaticooke?—A. And got it accepted, and handed it back to Mr. Bisaillon.

Q. Did you make a general report on the Rock Island situation, which you gave to Mr. Bisaillon?—A. On the first visit, yes.

Q. Did you make any further reports on the general situation?—A. Well, Mr. Bisaillon used to come up quite frequently, and look over the situation, and I used to make verbal reports to him. Besides, we had eight or ten men out there patrolling the borders in various sections, and I had charge of these men and they would report every day what transpired, or what we saw.

Q. I am instructed that you made a report to Mr. Bisaillon, which did not reach Ottawa, was not forwarded.—A. Well, the only reason I have for saying that is, that there were three reports made, and there is two here, and I got one.

Q. The one that you made up, and which would not have been forwarded, is the one you filed?—A. The one which sir?

Q. The one which you filed just now?—A. Yes.

Q. That is the one which did not go to Ottawa?—A. That did not go, and then there is two others here, that I have in the book here, with my name on it. They should have gone to Ottawa.

Q. Will you let me see those?

Mr. CALDER, K.C.: If you will give me the date of this, Mr. Kellert, I will be able to see whether they are on this file, which is a report on the general investigation.

By Mr. Calder, K.C.:

Q. What is the date of the first of the reports?—A. The 19th I think.

Q. That is the one we have just read in?—A. Yes, sir.

Q. The 19th of September?—A. Yes, sir.

Mr. CALDER, K.C.: I may say, Mr. Chairman, that the report of the 9th of September, does not appear to be on the general file. I have in my hand a file which has for its subject the Rock Island Investigations. The report of Mr. Kellert is not on this file.

WITNESS: Might I ask that Mr. Laing be called in, because he is more conversant with these matters than I am.

Mr. CALDER, K.C.: All right, we will call Mr. Laing in.

WITNESS: There are three copies; we made two for the Department, and one to keep; one we gave you first, and the other two are here.

Mr. CALDER, K.C.: This is the same report, the report of September 19th, Mr. Chairman. One copy was kept by Mr. Kellert, and these are the other two, found in the office at Montreal, consequently they were never forwarded, and there is no record on any of these files that that report ever was forwarded.

By Mr. Calder, K.C.:

Q. Mr. Kellert, did you make any other report besides this particular report?—A. Yes, sir.

Q. What date do those bear?—A. I will look over those papers, if you will allow me.

ARTHUR LAING called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Laing, you have been called in for the purpose of finding certain papers which Mr. Kellert says you are more conversant with than he is. Have they been found? What we are looking for are certain reports made by Mr. Kellert which may or may not have been forwarded to Ottawa?—A. Well, it is pretty hard to know which reports you are referring to.

Q. That is what I want to know. If we knew, it would be easy? It is in connection with the situation at Rock Island. The question asked was whether Mr. Kellert made certain reports on the general situation at Rock Island which had not been forwarded to Ottawa. He produced one dated September 19th, which evidently did not get to Ottawa. Are there any others? (No answer.)

Hon. Mr. STEVENS: That report was made to whom?

Mr. CALDER, K.C.: That report was made to Mr. Bisaillon.

Hon. Mr. STEVENS: The point is that these reports were made to Mr. Bisaillon, and that they were never forwarded to Ottawa.

Mr. CALDER, K.C.: They were made in triplicate; two of the triplicates are at Montreal, and are now shown. One Mr. Kellert kept in his possession, and produces it here. But, none of these reports are on the files.

Where did you get these other two triplicates?

Mr. KELLERT: They were all given to me when I went to Rock Island on the 6th of October.

Hon. Mr. STEVENS: October last?

Mr. KELLERT: October, 1923.

Mr. CALDER, K.C.: That is, your report was handed back to you?

Mr. KELLERT: All these papers were handed to me.

Mr. CALDER, K.C.: You say all these papers were handed to you.

Mr. KELLERT: In the report on Jenkins.

Mr. CALDER, K.C.: You kept one of the three copies of the report for yourself?

Mr. KELLERT: Yes.

Mr. CALDER, K.C.: One of the others was handed back to you by Bisaillon?

Mr. KELLERT: Yes.

Mr. CALDER, K.C.: Were there any other reports handed back to you in this fashion, without being submitted to Ottawa?

Mr. KELLERT: No, sir.

Mr. CALDER, K.C.: That is all, Mr. Laing. You may retire.

Witness retired.

JOSEPH KELLERT recalled.

By Mr. Calder, K.C.:

Q. Mr. Kellert, did you receive moieties for this seizure?—A. The Jenkins seizure?

Q. Yes?—A. Yes, sir.

Q. Did you receive moieties for all your seizures at Rock Island?—A. Yes.

Q. Did you share any part of that with Mr. Bisaillon?—A. I hope not.

Q. It is not a question of whether you hope not, did you?—A. No, sir.

Q. I know what you mean by saying that you "hope not," but you had better make it plain?—A. I never shared one cent with Mr. Bisaillon.

Q. Do you know whether Mr. Turner of Snag Proof at the time you investigated, kept a separate set of books in his house?—A. I do not know whether he kept a separate set of books in his house or not, but he had a very fine set of books in his office.

Q. In his office, you say?—A. Yes.

Q. Did he have another set elsewhere?—A. That I could not say. We looked over those books.

Q. Did you inquire whether he had any other set of books?—A. I think we did.

Q. What did he say?—A. He said that that was all the books he had. Mr. Laing and myself went over them, and found the books in very good shape, with the exception that he could not account for some five (5) bales.

Q. Mr. Kellert, you have mentioned in your report what appears to be an organized system for watching the Customs officers and any suspicious looking strangers that appeared at Beebe, or Rock Island? What evidences did you yourself see of that?—A. Well, the moment I got off at Newport they said "Oh, you are the officers who are coming out here."

Q. That is, at Newport?—A. Yes.

Q. Did you see any evidences that would lead to the same conclusion as you progressed through the various points?—A. Yes, because when I went in and introduced myself to Mr. Jenkins, he said, "Yes, I knew you; you are all right."

Q. He knew you were coming?—A. I suppose so.

Q. Did you see any further evidences as to the population being in league with the smugglers?—A. Well, I did not dare to go to a telephone to 'phone, because everything would be tipped off to Mr. Jenkins or somebody else.

Q. There are a few more things I want to ask you about. Do you know anything about the Northern Cotton Exchange?—A. Well, there was such a name.

Q. Did it have any connection with the Jenkins Overall Company?—A. Well, we were told that it had.

Q. By whom?—A. I think it was by Mr. Marois.

Q. Who is Mr. Marois?—A. He had a little factory in Derby Line.

Q. Under what name?—A. I think it was the Derby Line Overall Company, but I would not be quite sure about that.

By Hon. Mr. Stevens:

Q. Do you know the Eastern Apparel Manufacturing Company?—A. That was another thing in name only. I investigated that, and found that one man named Collins, whose father owns the hotel at Derby Line, was the president of that company, and on making further investigations, I could not find whether that company had ever sold an ounce of cotton or anything else.

By Mr. Calder, K.C.:

Q. Did you investigate this statement, that there was a connection between the Northern Cotton Exchange and the Jenkins Overall Company?—A. We investigated that, and Mr. Marois has made a declaration, which I have here somewhere.

Q. Was it a solemn declaration under the Canada Evidence Act?—A. I think so.

Q. Of course, Mr. Marois is available? (No answer).

Hon. Mr. STEVENS: Is he here?

Mr. CALDER, K.C.: I do not know whether he is or not.

Hon. Mr. STEVENS: Mr. Marois is not here.

The CHAIRMAN: Had we not better await the report of the auditors?

Mr. CALDER, K.C.: At any rate, Mr. Chairman, I would not take in this solemn declaration as evidence, unless Mr. Marois was unavailable, and could not be called, because it is only secondary evidence.

Hon. Mr. STEVENS: He was summoned, but did not respond this morning.

Mr. CALDER, K.C.: Possibly I had better suspend this until we come to his case.

Mr. BELL: Would it not be advisable to have Mr. Kellert remain and be available to us?

Mr. CALDER K.C.: Yes.

By Mr. Calder, K.C.:

Q. Mr. Kellert, will you identify a declaration made on March 25th at Rock Island, Quebec, by the Eastern Apparel Company by C. J. Marois, declared before

W. C. Knight and A. Lane, assistant inspector of Customs and Excise. Have you any personal knowledge of this declaration being taken?—A. Mr. Laing was there.

Q. You were not there?—A. No sir.

Q. You cannot speak as to that?—A. No.

Q. Now, I am instructed, Mr. Kellert, when you first went to the Jenkins Overall Company, Mr. Jenkins drew you aside, and stated that things could be fixed up by putting a few goods together, and having you to seize them; is that correct?—A. That is perfectly correct.

Q. That happened?—A. He called me aside and said, "I would like to speak to you alone." I was in his private office, and Officer Belanger was there. I said, "All right." He called me out into the warehouse, on the first floor, and he said, "Now, Mr. Kellert, I know who you are." He said he was told that I was a good fellow, and that it didn't make any difference whether I seized $500 or $5,000, as long as I made a seizure. He said he was willing to fix that up.

Q. He did not know much of you, at that time?—A. No. He said he would make it all right with me, that I was a good fellow. He said, "Is that right?" I said, "Sure, I am a good fellow." He gathered this little pile of stuff, you have a record of, and said, "Now, there you are."

Q. That is the smuggled goods?—A. The smuggled goods. And I came away that night, returned to Montreal, and on Saturday morning he called me by long distance telephone at my house.

Q. What did he say?—A. He wanted to know if I had made my report yet, and sent in the document he had signed. I said, "Not yet, but I am going down now." He said, "Don't put it in. Come out and see me, and I will make it right with you." I told him I was not working in that direction.

Q. Did you have any interviews with Mr. Baldwin at all, in connection with this matter?—A. I met Mr. Baldwin on the day we made the seizure, I think it was; we had to go down in the basement, the door was locked, so we slid down by the elevator into the cellar and Mr. Baldwin was there then.

Q. Mr. Baldwin was where?—A. In the factory.

Q. Was he in the factory when you arrived?—A. Yes, sir.

Q. You told me that Mr. Jenkins told you that he was expecting you, or he knew that you were coming?—A. He said that.

Q. Did you subsequently see Mr. Baldwin?—A. I saw Mr. Baldwin in the village of Rock Island.

Q. I mean, at a later date.—A. Yes, in the village.

Q. Did anything pass between you with respect to the seizure?—A. Nothing at all, sir. I found Mr. Baldwin to be a gentleman; he had nothing to say. He said that it was too bad there was any trouble.

Q. I take it from that, there was no political interference with you at all?—A. The only man who tried to make me believe he had political influence was Brother Jenkins.

Q. Mr. Jenkins told you he had political influence?—A. Sure; he was going to have me discharged.

Q. At any rate, judging by the result, his political influence was not very great, because you were still there until December?—A. He sent people up to Ottawa to interview the Minister.

Q. You do not know that personally, do you?—A. Yes, I know he did.

Q. Tell us how you know?—A. He has got some son-in-law of the president, named Wilkinson; Wilkinson said he was going up to see the Minister; he would have us all thrown into the Bastille, if we did not keep in line.

By Hon. Mr. Stevens:

Q. Is that the same Mr. Wilkinson who is alleged to have brought a Packard, or expensive car, into Canada?—A. The same gentleman.

Q. A car which he had for three or four years, without paying the duty? —A. Yes, and he has still got it.

Q. He has never paid any duty on it?—A. As far as I know. He is an ex-mayor of Beebe.

Q. He was going to have you all thrown into the Bastille?—A. Yes; what he was not going to do was awful.

By Mr. Calder, K.C.:

Q. Did you make any examination of the books of the Turner Company, or Snag Proof Overall Company?—A. Yes, sir.

Q. Did you finish your examination?—A. We did not.

Q. Why did not you finish your examination?—A. Because we were told by Mr. Bisaillon to lay off.

Q. Now, tell us exactly in what terms he told that to you; was that by way of telephone, or personal instructions?—A. That was by letter.

Q. Have you got that letter?—A. That was Mr. Laing. It is among some of his papers.

Q. What date was that?—A. I can't exactly tell you, sir, to be correct.

Q. The letter itself will be produced. You can not find it yourself?—A. I will try to.

Q. You might as well. Was it written to you or to Mr. Laing?—A. It was written to Mr. Laing.

Q. Never mind. Mr. Laing will speak about it.

By Mr. Donaghy:

Q. Was Wilkinson a great friend of Bisaillon's?—A. He is a pretty good mixer; he is a friend to everybody, that is when he wants to be.

By the Chairman:

Q. He was a former mayor of his town?—A. Yes.

By Mr. Calder, K.C.:

Q. Did you find any trace of prison-made goods while you were down there?—A. I can't say they were prison-made goods, but there were a lot of cotton pants.

Q. How were they marked?—A. They were sort of striped, I think, and they came from—

Q. Reliance?

The CHAIRMAN: Let him say.

By Mr. Calder, K.C.:

Q. Have you looked over a copy of the way-bills?—A. I think those pants came from Wheeling.

Q. Those are copies of way-bills you took at the time?—A. Yes.

Q. Would you mind turning those over to the auditor? Will you look at the letter which you inadvertently handed to me, a copy of it, and say whether you wrote that letter?—A. I didn't write that, sir.

Q. Mr. Laing wrote it?—A. I presume he did, because he did pretty near all the correspondence.

By Hon. Mr. Stevens:

Q. I have not followed exactly the dates, but were you at Rock Island during last summer and autumn?—A. No, sir, I was there in 1924.

Q. You were not there last fall at all?—A. No, sir, I did not go there; I was not sent out there.

By Mr. Calder, K.C.:

Q. There is one thing about which I want to ask you, which I had in mind to ask you for some time. Do you remember the night of the Tremblay seizure? —A. I saw an account of it the following day in the "Star".

Q. Were you in Montreal on that night?—A. I was in Rock Island, sir.

Q. So you did not come back to Montreal with Mr. Duval and Mr. Bisaillon?—A. No, sir, I didn't; but I knew they were going to Montreal to make a seizure, because they told me so.

Q. Had he told you what seizure he was going to make?—A. No, he said there was a ship coming up the river, and he had to get to Montreal, and didn't have time to have a talk with me; he had to get back to Montreal in good time to see the ship come up; he was going to make a big seizure.

Q. You did not come up with him?—A. No, sir.

By the Chairman:

Q. What was your occupation before you were appointed as Customs clerk? —A. I have been an investigator for the last forty-three years.

Q. In what line?—A. Detective service, representing banks, corporations and bonding companies.

By Mr. Calder, K.C.:

Q. Were you superannuated in December?—A. No, sir.

Q. What was your reason for leaving the service?—A. I am afraid you will have to ask Mr. Wilson that.

Q. You do not know?—A. I don't know. I asked if there were any black marks against me, and they said "No"; to simply report to Mr. Weldon, the Collector of Customs, at the Port of Montreal.

Q. You reported?—A. I reported to Mr. Weldon.

Q. And you were laid off?—A. I am supposed to be a locker, looking after the bond.

By Hon. Mr. Stevens:

Q. You are still in the service?—A. Yes, sir.

Q. You have just been transferred from your effective service as Preventive Officer to being a locker?—A. I would not say effective service; only transferred.

Witness retired.

CHARLES S. STONE, called and sworn.

By Mr. Calder, K.C.:

Q. Are you a sales tax inspector?—A. Yes, sir.

Q. In discharge of your duty, as such, did you, at any time, examine the books of various companies at Rock Island?—A. Some of them.

Q. Can you tell us now what ones you examined?—A. I can't tell you from memory. My reports will be on files.

Q. Did you examine the books of Telford Brothers, Rock Island?—A. My name will be on the report; I imagine I must have.

By Hon. Mr. Stevens:

Q. You can surely remember, it is not such a large place?—A. I have examined perhaps a thousand since that; it is pretty difficult to remember names.

Q. Where do you work, Montreal?—A. No, sir, I was sent on special work. The inspector at Rock Island had died, and another had not been appointed.

Q. It was outside of your usual work?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. I have your reports here. There is one report of Telford Brothers?—A. Yes.

Q. And James A. Gilmore?—A. Yes.

Q. And Peerless Overall Company?—A. Yes.

Q. And J. B. Goodhus & Company?—A. Yes.

Q. As to Telford Brothers, you report that the firm's sales tax records were in splendid condition, that is correct?—A. Yes, sir.

Q. So that Telford's books were complete and written up to date?—A. Yes, sir.

Q. Appeared to be regular?—A. Yes, sir; the sales tax.

Q. Sales tax, yes. In order to look over the sales tax records and check them up you have to look over the books?—A. Invoices and the synoptic at the end of each month.

Q. You look over the invoices and sales tax records?—A. Yes, sir.

Q. You do not look over the other books?—A. No, sir.

Q. Did you see them incidentally?—A. Well, the entries from the invoice to the synoptic at the end of each month; we checked them up, the invoices were checked up in that synoptic.

Mr. CALDER, K.C.: As to James A. Gilmore and Company, Rock Island, the report is this:

> "Records from the 19th May, 1920, to 1st September, 1922, were very incomplete, orders for goods only being obtainable. I investigated those available and from these I feel that the proper taxes have been accounted for."

By Mr. Calder, K.C.:

Q. That is correct, is it not?—A. Yes, sir.

Q. Again we can take it for granted your report was correct?—A. Yes, sir.

Mr. CALDER, K.C.: The Peerless Overall Company.

> "When deduction was investigated, as per statement dealing with same, and dated 1st November instant, the bookkeeper was on vacation and audit was not conducted at that time. The records were in perfect order since November, 1922, and the correct rates were charged and accounted for, but prior to that date there were no records of sales of any kind. This was explained by the present proprietor, Mr. A. J. Bissonnette, M.P.P., from the fact that at that time he and his partner had a disagreement as to financial matters, the result being that Mr. Bissonnette purchased his partner's interest, since which date the records are perfect."

By Mr. Calder, K.C.:

Q. So that from November '22, such records as you examined, with a view to making a sales tax audit, were in good shape?—A. Yes, sir.

Q. Before that there were no records of the sales?—A. According to the Act they were only supposed to keep them for two years.

Mr. CALDER, K.C.: J. B. Goodhue and Company, Limited, Rock Island.

"Payments of sales tax had been regularly made and from sales invoices, correct rates had been charged and accounted for in every case, except from June 17th, 1920, to the end of the month, and the first three days in July."

That is all, Mr. Stone, thank you.

Witness discharged.

NATHANIEL KNIGHT called and sworn.

Mr. CALDER, K.C.: Before this witness is questioned. These reports were not dated as I went along; they are all dated November 1st, at Perth, November 1st, 1924.

By Mr. Calder, K.C.:

Q. Are you sub-collector at Rock Island?—A. I am, sir.

Q. How long have you been there?—A. Six years 22nd of July last.

Q. Now, will you tell us what the general situation is at Rock Island with respect to smuggling, particularly the smuggling of overalls and the materials for making them or any such products?—A. Well, my suspicions—

Q. Better speak a little louder, please.—A. My suspicion is there has been considerable of that done.

Q. What do you base that suspicion upon?—A. Upon the transit manifest—possibly you understand what those are?

Q. Yes.—A. Goods shipped from one point to another and covered by transit manifest coming into Derby Line.

Q. Do you check those?—A. They are checked; one of my officers checks those.

Q. Your officers check those?—A. Yes, sir.

Q. Is there a very large quantity of goods arriving at Derby Line?—A. Well, quite a quantity, yes, at different times.

Q. And they would arrive at Derby Line at the end of the railway stub line?—A. No, on a branch of the stub line.

Q. What is the nearest large city in the United States to Derby Line?—A. Well, what would you consider? Boston is the largest.

Q. Saint Albans would be the nearest one, would not it?—A. Oh, no.

Q. What is the population of Saint Albans, do you know?—A. I could not say.

Q. It is not a very large city, is it?—A. No; I would say around 3,000; I could not say.

Q. At any rate this is certain; there are no large cities close to Derby Line?—A. No.

Q. And no probable reason for shipping to Derby Line, that is correct, is not it?—A. Yes. Well, there would be a reason. It has been told to me that the reason was this; that the freight rates were cheaper. I have been informed that the freight rates were cheaper on these commodities coming to Derby Line than they would be into Canada, we will say at the station of Rock Island. As to the fact I could not say, but that has been put up to me as the excuse for having these goods come to Derby Line.

Q. The freight rates to Derby Line— —A. Would be cheaper on such commodities than at Rock Island.

Q. That was told to you by a man at Rock Island who wanted to take advantage of that fact?—A. Possibly the—

Q. Who told you that?—A. Well, I could not say definitely who. I have a case that I can call to my mind recently, not of a manufacturer, but a store-

keeper at Stanstead, a grain and feed man. He has his grain sometimes come, which is duty free, and I spoke to him why he had his grain come there as it makes bother for me and the Customs and, "Well," he says, "I get a better freight rate on it coming to Derby Line than I would if it came direct to Stanstead."

By the Chairman:

Q. How long have you been in the Service?—A. How long, sir?

Q. Yes.—A. Eighteen years, it will be eighteen years the 29th of this present month.

By Mr. Calder, K.C.:

Q. Is this gentleman also importing dutiable feed?—A. No, sir.

Q. Now, can you tell the Committee what steps have been taken by you as sub-collector to check smuggling?—A. Yes, sir. At different times I have talked the matter over with my collector, my superior officer.

Q. Who is that?—A. Mr. Brownlee.

Q. Where is Mr. Brownlee stationed?—A. At Beebe Junction.

Q. Well, did it end in consultation or was any action taken?—A. I wrote him.

Q. When was that, just approximately; tell me, was it before the various seizures at Rock Island?—A. Previous to the Bisaillon seizure. Wait a minute, I can give you the date; June 5th, 1924, I wrote my collector concerning the situation as I saw it.

Q. Have you got that letter?—A. Yes, sir.

Mr. CALDER, K.C.: June 5, 1924, letter registered, addressed by the witness to Mr. E. Brownlee, Collector of Customs and Excise, Beebe Junction.

EXHIBIT No. 209

"SIR,—I am writing you in regard to importations by manufacturers here, which, to my mind is not what it should be. I have several times spoken to you in regard to this matter, that we are not getting the amount of duties we should, the thing appears to me to be growing worse by the amount of goods shown on your Derby Line Transit Manifests so you know, most of these goods find their way into Canada without duty.

My officers are doing the best that they know how, but up to now without results, as I feel that the situation should be placed before the Department and perhaps a checking up by the Preventive Branch would clean matters up and prevent censuring the officers here."

By Mr. Calder, K.C.:

Q. Was anything done by you or your officers at the point at which you are stationed, a raid or surprise on the people whom you suspected?—A. Well, not by raiding, sir; my officers have watched. I myself, particularly, alone have watched without success and I have also detailed officers at different times, but without results.

Q. When you say "without results," you did not see anything?—A. No. You do not mind if I would explain the situation?

Q. Yes, I wish you would?—A. Well, there is three Customs offices in, well, a little over half a mile apart, and one of them is the Highway Office. Well, there is a man stationed there, Mr. Paquette, in what we call the main office in the public buildings. Mr. Sawyer is at the railway station.

Q. That little box-like structure behind the station?—A. Yes, sir.

Q. Can you tell me who designed the particular placing of that Customs House?

Hon. Mr. STEVENS: Who hid them behind the station, that is better?

Mr. CALDER, K.C.: It is a sentry box turned the wrong way.

The WITNESS: I could not say, that was before I came. When they were changed I was stationed at Beebe Junction, but as far as isolating the office, the main office is isolated completely from the view of the frontier.

By Mr. Calder, K.C.:

Q. The main office is?—A. The main office, sir.

Q. And as far as the little one at the station is concerned, if a man was trying to place it in such a way that nothing could be seen from it, he could not place it better?—A. He would have done a fine job.

By the Chairman:

Q. How long has that been built?—A. Well, I should say in '12 or '14, somewhere along there; I couldn't say positively as to that. Mr. Paquette could give you better data on that than myself.

Q. Will you tell me whether you ever reported to the Department the bad situation of these Customs houses?—A. The location you mean, sir?

Q. Yes.—A. I could not do that. That would be bad form for a sub-collector. No, I am not allowed to make any reports to the Department direct, sir.

Q. I do not mean to the Department direct. Did you ever report to Mr. Brownlee, for the purpose of informing the Department of the bad location of the Customs houses?—A. Well, you understand that Mr. Brownlee knew the situation better than I, because he was sub-collector previous to me at Rock Island.

Q. So you took it for granted that it must have been previously reported? —A. I think, if my memory serves me correct, that—I would not say this as being positive—that Mr. Busby, the inspector, chief, was there at Rock Island, and there was lots of changes made, and I know one in particular, the bond—what we call the general bond sufferance warehouse—was put in by his recommendation.

Q. Whose recommendation?—A. Mr. Busby's.

By Hon. Mr. Stevens:

Q. When was that?—A. I could not say. Mr. Paquette could give that.

Q. How many years ago approximately?—A. Well, it was in, I should say from 1912 or '14, somewhere in that vicinity.

By Mr. Calder, K.C.:

Q. I am sorry I interrupted you at a moment when you were going to tell us something. You had told us the disposition of the force under your command there?—A. Yes. Now the three villages there, you understand, is Derby Line, in Vermont, and there is Rock Island, and there is Stanstead. Practically, a stranger would take it for one village. There is seven offices really, against probably a populatior of three thousand. You understand the situation.

Q. You take it then, that the population there is fighting on the side, not of the angels.

By Hon. Mr. Stevens:

Q. They are unanimous, are they?—A. I should take it so, naturally.

By Mr. Calder, K.C.:

Q. That means, that wherever you go, you are tipped off?—A. Yes, sir.

Q. That is your principal difficulty?—A. Yes.

Q. Would a continuous patrol at that point, say such a patrol as a post of Mounted Policemen would put up, would that circumvent the smugglers somewhat?—A. Would you mind if I made a suggestion, sir?

Q. Yes. We want suggestions.

The CHAIRMAN: We will be glad to hear it.

The WITNESS: My idea would be to have a patrol, particularly in the summer, but not a continuous patrol; change those officers possibly once a month.

By Mr. Calder, K.C.:

Q. Is it your suggestion that they would be got at otherwise?—A. That they would be which?

Q. That they would be got at. You say change them.—A. Change the patrol.

Q. The personnel of the patrol?—A. Yes, exactly.

Q. Is it your suggestion that otherwise, they might be got at by the smugglers?—A. No, sir.

Q. That they would become too well known?—A. Too well known. The people would not take a chance. They would say, "There is that new officer; he is in such and such a place." Whereas, if there was a strange officer come unawares, possibly he would be able to capture more smugglers than they would if he was well known to the people. This is merely as a suggestion. I have thought the thing over.

Q. I would imagine that for a Customs point, a point on the military frontier, a very cheap and not continuous outpost system could be devised there, that would prevent, or perhaps very probably force the smugglers in to a longer circle.—A. Well I am very sorry to say that there is what the people call petty smuggling.

Q. We are not dealing with that so much as we are with wholesale smuggling.—A. Well it is a nuisance, nevertheless. There is the signs put there for people to report.

Q. Would you say that the volume of that petty smuggling is large?—A. No sir. The population is not large.

Q. Would it be a sensible thing, in your view as a Customs officer, to allow persons to take in free of duty goods up to a certain amount, provided it was not done commercially?—A. Up to a certain amount?

Q. Yes?—A. Yes, but they should go to the Customs and report it.

Q. Is there any such regulation?—A. Sure there is.

Q. But it is generally unobserved?—A. Well, a good part of it is.

By Hon. Mr. Stevens:

Q. Your complaint is that the local people make small purchases and pass by the Customs office and never report?

Q. There is a lot of that. I will illustrate the situation to you; I came out of my office the other day and met a little boy seven or eight years old who had one of these little carts. He had probably 75 cents worth of groceries with him that he had got at one of these chain stores. I said to the boy, "What have you got there?" He said he had a couple of cans of tomatoes and a few cakes of soap. I said, "You know, my dear boy, that you should go around to the other office and report it?" He said, "Mamma told me not to." That is the situation, but not any great volume.

Q. Of course, we do not suggest that you should arrest seven-year-old boys. We are rather interested in the chaps who have factories, business men, wholesale and hardened smugglers. Those are the one we are interested in?—A. Yes, I suppose so.

By Mr. Calder, K.C.:

Q. How do you check up goods which come into Rock Island, invoiced to Canadian companies by American companies of the same name?—A. Well, they are registered companies in the United States, and registered companies in Canada. That entry is passed the same as the goods are checked. But we have no way of knowing, only that identical lot that they are entering.

Q. In such a case, Mr. Knight, do you go by the invoice, say, from the Jenkins Overall Company of Derby Line, to the Jenkins Overall Company, Rock Island, or do you insist upon the Jenkins Overall Company of Derby Line showing you the original invoice?—A. I have been advised that we could not compel them, on that invoice, that that invoice goes with the Department as legal without that.

Q. In other words, it is the invoice from the Jenkins Overall Company in the United States to the Jenkins Overall Company to Canada that goes as the official invoice?—A. Yes.

Q. You have been advised that they cannot be compelled to show you the original invoice?—A. We have been advised that they cannot be compelled to show us the original invoice, because they are an American firm registered.

Q. Who gave you that ruling?—A. I could not say, it is a practice that has been in force; it must be correct, because these entries go with the Department, and have gone.

Q. Have you not the power to hold it up on an appraisal and say that you want proof of the value?—A. Well, yes, I have, I suppose, but I have a way of course that I can find out whether there is undervaluation or not, or very close.

Q. How?—A. By comparing those prices with like commodities that came under a certain invoice that came direct; do you understand?

Q. Yes.—A. It is not the undervaluation that is the trouble, the trouble is that we do not get a chance to value them.

Q. How would you deal with those warehouses that are astraddle of the line, or close to it? How in your opinion should they be dealt with? Should they be removed?—A. Do you mean those on the American side? I never have any difficulty with a line house, because there is a law; they are afraid of that law. If smuggled goods are found in a building, it can be demolished.

Q. It is the twin warehouse?—A. Yes, a little ways on the other side, that is where the trouble is.

Q. That is not within the Canadian jurisdiction?—A. No.

Q. Nothing can be done except by agreement?—A. No. Do you mind if I go on?

Q. Yes; we want all you can suggest?—A. I do not want to make suggestions that are out of line.

Q. Go ahead and tell us all you think?—A. Every manufacturer in Rock Island should have a bond; a bonded warehouse. I have six now. Any goods that did not come in to be put into bond properly, when they are presented for duty purposes should be advanced a substantial sum, but I understand there is no law; I could not say as to that, but I have been told that.

Q. That there is no law to compel them to put their goods into the bond?—A. No. We are allowed to advance, but if they object, we cannot collect it.

Q. Your suggestion is that all goods should be put into the bond?—A. Or paid direct.

Q. And if they are found not having been paid for, and not having been bonded, they should be advanced a considerable sum?—A. That is my idea of it.

By the Chairman:

Q. Your suggestion would apply to all factories in Canada, located along the boundary line?—A. Yes, in a like situation to Rock Island.

By Mr. Calder, K.C.:

Q. Would this apply to truck loads coming in?—A. What do you mean, Mr. Calder?

Q. On truck loads coming in?—A. Any goods coming in for entry?

By Mr. Donaghy:

Q. Of course it could not apply to carloads coming in?—A. I mentioned that as proper. I call that passing your entry, that is a direct shipment.

Q. You must have heard of goods coming in other than by railway; you must have heard of truck loads?—A. Yes.

By Mr. Calder, K.C.:

Q. Do I understand your suggestion to be that a factory would take all its goods that it was using, and put them in bond?—A. Yes, or make a straight entry.

Q. And issuing them from the bond for the purpose of manufacture, just as the distillers issue their liquors which they say they want to denature, from the bond; that is, be checked by some Customs officers in process of manufacture. Is that it?—A. Yes, or as they are paying the duty direct as they arrive, on a home consumption entry, a direct shipment, right away.

By Hon. Mr. Stevens:

Q. That would not do any good, it would not stop smuggling, Mr. Knight? —A. It would if they would advance.

Q. Yes, if everybody was honest, it would work all right. Did you ever find an instance of this kind, where a manufacturer in Rock Island would notify the Customs that he had some goods he wanted to pass, and asked that a Customs officer should go to his factory to enter the goods?—A. No, sir.

Q. You never heard of a case of that kind?—A. No, that is wrong.

Q. I know it is wrong, but have you ever had a request like that?—A. Not to my knowledge.

By Mr. Donaghy:

Q. One question more, Mr. Knight. Reverting back to the invoices you receive for passing the Customs entry, have you never found those invoices showing under-values?—A. No, I do not think I have.

Q. Do you check them carefully?—A. I do check them carefully, and if I am the least bit suspicious about it, I compare them with some that I know are straight, or that I think got in—I am giving out state secrets.—The prices of like commodities.

Q. You check them by other commodities and invoices which represent direct shipments from the factories?—A. Correct.

Q. Have you found no under-valuation at all?—A. I have not, to the best of my knowledge; I have not found any that looked like that.

Q. Have you a good knowledge yourself of the value of cottons, denims, and things of that kind?—A. If I am suspicious, I find out the latest quotations from the mills.

Q. You keep a check in that way?—A. That is the only method I have.

Witness discharged.

The Committee adjourned until 2.30 p.m.

AFTERNOON SITTING

The Committee resumed at 2.30 p.m., the Chairman, Mr. Mercier, presiding.

JOHN F. PAQUETTE called and sworn.

By Mr. Calder, K.C.:

Q. Are you a Customs Officer at Rock Island?—A. I am.

Q. What particular job do you do there?—A. I do the book-keeping in the office.

Q. Is that exclusively your occupation?—A. That is during office hours, yes.

Q. That is what I mean. That is all you do for the Customs Department, keep the books?—A. Now, once in a while I help out on the main street, you know.

Q. Are you also an insurance agent?—A. I am.

Q. Do you sell insurance in Rock Island?—A. Yes.

Q. Do you insure the manufacturers?—A. Some of them.

Q. Will you give us a list of those who are your clients?—A. Well, you have the report on that from the auditors.

Hon. Mr. STEVENS: Speak out a little louder, we cannot hear you.

The WITNESS: I say you have the report from the auditors.

By Mr. Calder, K.C.:

Q. You gave them a list of the names?—A. They did not ask me for any list, no; they got those from the manufacturers.

By Hon. Mr. Stevens:

Q. Well, Mr. Calder is asking you now for a list.—A. Well, I have insured the R. and G.

By Mr. Calder, K.C.:

Q. Who?—A. The R. and G. Manufacturing Company.

Q. Who else?—A. The Rock Island Overall Company. James A. Gilmore Company.

Q. Is that all?—A. The Lay Whip Company.

Q. Any others?—A. That is all as far as fire insurance.

Q. What other insurance have you placed on any of these manufacturers; do you write any other kind of insurance?—A. Life insurance.

Q. Are any of these manufacturers your customers as regards life insurance?—A. I have insured the two Gilmore Brothers and the two members of the firm of the R. and G., and Fregeau.

Q. That is Fregeau of the Rock Island Overalls?—A. Yes; and his mother, Mrs. H. Fregeau.

Q. Do you write any other insurance besides fire and life?—A. Accident.

Q. Have you writen any of them up for accident?—A. No, I have not written any accident.

Q. Were you an insurance agent before you were appointed?—A. No.

Q. You became an insurance agent after your appointment?—A. Yes.

Q. When were you appointed?—A. Appointed in 1882.

Q. 1882?—A. Yes.

Q. At Rock Island?—A. At Rock Island.

Q. Have you been there continuously ever since?—A. Except nine months.

Q. When did you take up insurance?—A. In 1883.

Q. When did the overall companies, such as are there now, begin to gather at Rock Island?—A. Excuse me a minute; would I be allowed to make a little statement on this insurance business?

The CHAIRMAN: Yes.

The WITNESS: I went into the Service in 1882 at $400 a year. I worked five years for $400 a year. Then I worked twenty years at $500 a year.

By Mr. Calder, K.C.:

Q. Giving all your time?—A. All my time except what I done for insurance, you know.

Q. Giving all your day, your working day?—A. Yes.

Q. For $500?—A. Yes. And then I got $700 a year for about ten years.

Q. That would bring you to 1914, would it not?—A. 1914? Let us see? That would be up to 1912. I got seven and nine, then I got $1,200.

By Hon. Mr. Stevens:

Q. What are you getting now?—A. I am getting $1,680.

The CHAIRMAN: Forty-four years of service.

By Mr. Calder, K.C.:

Q. And you took up insurance to supplement this?—A. Wait a minute; I do not get $1,680—$140 a month, yes, $1,680.

By the Chairman:

Q. You were in the Service since 1882?—A. Since 1882. I was at Rock Island all the time.

Q. That is forty-four years?—A. Forty-four, the first of August.

Q. Have you got a large family?—A. No family. We adopted a child, a little girl, an orphan girl three days old.

By Mr. Calder, K.C.:

Q. Mr. Paquette, I asked you just before you made this explanation, when did the factories begin to congregate at Rock Island?—A. Well, when I went into the Service at Rock Island they were manufacturing boots altogether, leather boots, long legged leather boots.

Q. Were there many factories of that kind?—A. There was three or four.

Q. Were they getting their hides from the United States?—A. They did not buy any hides, they bought leather.

Q. The leather, would they get that from the United States?—A. No, it was all Canadian leather.

Q. So they were all Canadian factories at that time?—A. Yes. Then they all went to pieces, closed up, and then they started to manufacture overalls.

Q. When was that about, in what year was that?—A. Let us see; about 1894, I think, somewhere near there.

Q. 1894. That is the time the overall business started? You have no doubt, Mr. Paquette, that smuggling had been going on extensively there?—A. I heard of it, yes.

Q. Have any of the manufacturers ever admitted to you they were smuggling?—A. No, unless we were in there to make seizures on them.

Q. Unless you were going to make seizures on them you never got any admission?—A. Yes.

By the Chairman:

Q. Mr. Paquette, how old are you?—A. I am sixty-three; I will be sixty-four the ninth of this month.

The CHAIRMAN: That is all, you are discharged.

Witness discharged.

E. BROWNLEE called and sworn.

By Mr. Calder, K.C.:

Q. How long were you collector at Rock Island?—A. I think, offhand, since 1919, or 1918 I should say.

Q. You made a report to Mr. Bisaillon at one time, with respect to the conditions there?—A. I don't think so.

Q. Did you report to anybody in the Department as to the conditions existing in Beebe and Rock Island?—A. No.

Q. Never made any report?—A. Not that I can recall.

Q. Did you make any request for assistance in stopping smuggling?—A. No sir. I made a request for another office up in Beebe village.

Q. You made a request for another office?—A. Yes.

Q. Did you not at any time require from Mr. Bisaillon, in Montreal, help for the purpose of dealing with smuggling?—A. No sir.

Q. Did you transmit to anybody a report from Mr. Knight?—A. Yes sir.

Q. To whom did you transmit that?—A. To the Deputy Minister.

The CHAIRMAN: Speak out, please. We cannot hear you, Mr. Brownlee. We are here to hear you, and we expect you to speak out.

By Mr. Calder, K.C.:

Q. Do you remember when Mr. Kellert reported to you?—A. Yes sir.

Q. Was that in consequence of a request by you?—A. I presume that was that letter of Mr. Knight's to me, and which I submitted to the Department.

Q. It was in consequence of that that a report was made?—A. Yes sir.

Q. And you say you never made any report of your own motion?—A. Not from the time I became Collector.

Q. Were you aware, Mr. Brownlee, of the situation which has now been uncovered, namely, that smuggling is going on extensively?—A. No sir, I was not.

Q. You are obligated, are you not, to the proprietor of the Snagproof Overalls?—A. I am what, sir?

Q. Obligated.—A. No sir.

Q. Has not Mr. Turner got a mortgage on your house?—A. He has, sir.

Q. For what amount is this mortgage?—A. $3,000.

Q. When was it put on?—A. Well, I should say two years ago.

Q. You have members of your family working for the Snagproof?—A. Yes sir, my daughter works for them.

Q. And outside of what was revealed by the seizures, you know nothing of a condition of smuggling?—A. Not since I became Collector. That is only what was reported to me by the officers.

When did you become Collector?—A. I think it was April, 1819.

Q. Before you became Collector, what were you?—A. Sub-collector.

By Hon. Mr. Stevens:

Q. You have got that date wrong. You said 1819.—A. No, 1919, pardon me. I will take that all back.

By Mr. Calder, K.C.:

Q. When you were Sub-collector at Rock Island, was the Customs House on the highway, situated where it now is?—A. Yes sir, I opened that, or at least I was there when it was opened.

Q. Were there at that time as many roads as there are now?—A. Just about the same, sir.

Q. It has been stated here that that is rather badly situated. Did you recommend its situation?—A. That the office is badly situated?

Q. Yes.—A. Well now, do you mean the main office, that is the government public building? It is very badly situated.

Q. That is where the main Customs House is?—A. Yes, that is the main Customs House. After I went there, I opened an office on the main street; at the main street coming from Derby Line, right into Rock Island.

By Hon. Mr. Stevens:

Q. The main office is back on that square? The working office is on the highway?—A. When I went there, I might state, there was a small, little office over at Mr. Paquette's office. That is away back in, and that is the only office I had there. That is in 1912, a two by four there.

By Mr. Calder, K.C.:

Q. Will you tell us whether the Customs House at the station was placed by you?—A. Yes sir.

Q. It was built under your direction?—A. Yes.

Q. When was it so built?—A. In 1913, if I remember right. About 1913. It may have been started in 1912. I went there in September, 1912, and I took it up right away after I got there.

Q. It appears to be rather badly situated?—A. Well, you couldn't have it much better.

Q. You could have it at the end of the station, where you command both roads?—A. Well then, you get it from the other way. Going out towards Beebe, you get it there then.

Q. What I mean is this; it is at the back, and it is on the north side.—A. Yes, it is on the north side.

Q. If it were on the south side, would it not be better to control the traffic?—A. It might, but they would go around the other way.

Q. But whichever way they went, you could see them then?—A. Well, you could, but you can see them really there too. It would be better if it was away from the station altogether, more up on the highway there. Of course at that time there was not such traffic. It was more for the checking of the freight there.

Q. Do you know who is in charge of the little Customs House at the station? —A. Mr. Sawyer.

Q. What were his hours supposed to be?—A. From seven in the morning till seven in the evening.

Q. Is that rule relaxed on Saturdays?—A. It should not be.

Q. I may tell you that when we were there on Saturday, he was absent. We knocked and found no one there, and then afterwards someone appeared in very great haste. That is all.

By the Chairman:

Q. Why did you not make two entrances to this building, one towards the United States boundary line, and the other one as it is just now?—A. I did not understand you, sir.

Q. Why did you not make two doors to that building at the station?—A. Oh, they were always there, sir.

By Mr. Calder, K.C.:

Q. There is no door from the Customs House to the plaform?—A. No, you have to go through the freight office. At the time that office was put there, it was simply for a man to stay there to check the freight in and out. That was at a time when there was a lot of freight coming in, and my object in getting that was to have some place for the officer to stay. They objected to his staying in the freight office, and I recommended an office and the B. and M. put that up there.

By Hon. Mr. Stevens:

Q. Would it not be better to close that road, and make everyone go around by the highway?—A. If you could do it, yes, sure.

Q. Why could it not be done; you know there is a regular traffic across that road.—A. I presume there is. I don't have much to do with that now. My office is down at Beebe Junction.

Q. But speaking from your long experience?—A. Yes sir, it would be better.

Q. There is a constant traffic across there. Is it not pretty much of a joke, the Customs supervision of those roads? You do not like to admit it, but between us chaps here, it is pretty much of a joke, isn't it, now?—A. Well, I don't know as it should be.

Q. It ought not to be, I know.—A. No sir, if an officer is on his job, he can be out there. I held that office for about six months. I didn't stay much in it, though.

Q. While we were driving around there for a few moments, we saw quite a number of rigs and autos pass across there, without any interference whatsoever, or any thought of interference. We had a chat with a couple of old fellows there, who were very much surprised to think anyone would ask them a question about it.

By the Chairman:

Q. Some told us that they had an annual permit to go over there.—A. A which?

Q. An annual permit to pass.—A. Well, we don't give that. The Americans give an annual permit.

By Hon. Mr. Stevens:

Q. Probably the Americans run that particular spot?—A. No, they don't have any business down there, whatsoever.

Q. Tell me this, Mr. Brownlee, do you know Wilkinson of Beebe Junction? —A. Yes sir.

Q. Why did you, as Collector at Beebe Junction, permit Wilkinson to have that Hudson automobile in Canada for the last two or more years, without paying a single cent of duty, or making an entry?—A. With a letter from the Deputy Minister of Customs—authority from the Deputy Minister.

Q. Contrary to your regulations?—A. Well I should rather think it would be contrary to the regulations.

Q. Have you got that letter?—A. It is on file down in the office.

Q. Will you send it in as soon as you go back?—A. Well, I am not on duty now, sir; I am on sick leave.

Q. You are not so sick but what you can go and get that letter.—A. Well, I will try and do that.

Q. I am very sorry you are sick, but we want to get through. Will you get that letter and send it in?—A. Shall I send you a copy? Will that do as well?

Q. Send us the original.

Mr. CALDER, K.C.: Take a copy and put the copy on your records.
Hon. Mr. STEVENS: Address it here to the Chairman or the Clerk.
The CHAIRMAN: And register it.

By Hon. Mr. Stevens:

Q. What is your salary there?—A. $2,220, if I remember rightly; yes $2,220.

Q. How do you control the traffic on that street, where the line runs right along the street? I should say that is the road that comes from Rock Island to Beebe Junction. How do you control that?—A. Well, we have no control of that. Once they leave Rock Island, they don't strike it until they get down near to Beebe Junction.

Q. Probably half a mile from the main street of Beebe, which crosses the line?—A. They run right along on the border there.

Q. How do you control the traffic there?—A. Well, that is where I wanted that office, sir. I asked for an office to be put right on that corner. I guess it is about two years ago this spring, I asked for an office to be put right on that corner, where we could control that traffic.

Q. Do you find it unpleasant and difficult to control the Customs, because of your close and intimate association with all these people around there? —A. No, sir.

Q. You do not allow that to interfere?—A. No, sir, I never did.

By Mr. Calder, K.C.:

Q. Do you know anything about the Allaire farm?—A. I know where it is situated.

Q. Do you also know that there is a right of way there?—A. No sir, I don't know of any right of way.

Q. Is there not a right of way there which has been arranged for by Mr. Turner and Mr. House, so that, without using the road, goods can be brought to the farm on the Canadian side?—A. Not as I am aware of.

Q. You never had any hint given to you about the existence of such a right of way?—A. No sir, I never did.

By Mr. Donaghy:

Q. What is your house built of, brick or stone?—A. A frame house.

Q. How many rooms?—A. Four bedrooms, and bathroom. Downstairs, there is a small kitchen, dining room, living room and a little den, or whatever you might call it.

Q. When was it built?—A I cannot tell you. I should judge it was built about eight years.

Q. A full basement?—A. Yes, sir.

Q. A furnace?—A. Yes, sir.

Q. How much ground?—A. Oh, about, I should say, 120 x 100.

By Mr. St. Père:

Q. When did you build the house?—A. I did not build it, sir.

Q. You bought it outright?—A. Yes, sir.

By the Chairman:

Q. How much did you pay for it?—A. $4,500. Had to buy it; I was put out on the street, practically.

By Mr. Donaghy:

Q. Did you pay for it?—A. Pay for it?

Q. Yes. You can buy a house and not pay for it.—A. Sure I paid for it. Well, I have a mortgage on it.

Q. You bought it eight years ago, or how long ago?—A. No, not eight years ago.

Q. How long ago?—A. Oh, four years, I should say.

Q. Who held the mortgage then, the man you bought it from?—A. No, Mr. Butterfield held the first mortgage.

By the Chairman:

Q. What was he in, the factory?—A. No, that is Butterfield's. They were not in the business then.

By Mr. Donaghy:

Q. The mortgage ran out two years ago?—A. Yes.

Q. And you borrowed the money from Mr. Turner?—A. Yes. I might state that when I borrowed that money from Mr. Turner, it was really the Stewart Estate. Mr. Turner was one of the executors, and it was supposed to be from Mrs. Stewart I was borrowing the money, when I borrowed it; but when the time came around that I was to get the money, Mrs. Stewart had no money available, and Mr. Turner put the money in himself. I was borrowing the money from Mrs. Stewart, but he was doing the business, and it should have been a mortgage to her. That is what was intended.

Q. Have you had any other business dealings with these manufacturers down there?—A. No.

Q. How long has your daughter been working for Turner?—A. I should say three or four years.

Q. In what capacity?—A. Stenographer.

By Mr. St. Père:

Q. What is the rate of interest on that mortgage?—A. Seven per cent, sir. Don't you think I am paying enough?

Mr. ST. PÈRE: Yes.

By Mr. Calder, K.C.:

Q. Too much. When shipments leave Beebe Junction for Beebe Plains, are they followed up after they are released?—A. After they are released at Rock Island or Derby Line?

Q. After they are released at Beebe Junction.—A. Oh, in some cases they are, not always. If we have any suspicion that there is anything crooked, we send a man after it.

By Mr. Donaghy:

Q. We have some evidence here that truckloads of goods are being brought from the United States into Canada, without passing the Customs. Did you ever hear of that being done?—A. No, sir; never in my life.

Q. Never suspected it?—A. No, sir; never suspected it.

By the Chairman:

Q. Did you receive any information to that effect?—A. No, sir, not until I seen it in the papers here.

Q. There is no smuggling from Beebe Plains, Vermont, to Beebe, Quebec?—A. Well, not as I know of, no.

Q. And you are watching the roads pretty carefully?—A. Yes. That is, I have my officers do it. I might state I was at Rock Island, went there in 1912, and never was any man worked harder than I did.

By Mr. St. Père:

Q. Were you alone there?—A. No, sir, I had other officers with me.

By the Chairman:

Q. Is there any smuggling going on in Rock Island?—A. Well now, I have watched and I have caught several. You will catch them sometimes with something under their shirt or under their coat.

Q. That is not what we want. You are positive that there is no smuggling? —A. Not that I know of.

Q. The manufacturers, do they smuggle anything?—A. Not as I know of. Of course, I have caught them sometimes.

Q. You are supposed to know it, as the collector of this district?—A. Well, it is supposed to be reported to me by my officers.

Q. You never have any reports?—A. Nothing but the report I sent in to the Deputy Minister.

By Mr. Donaghy:

Q. You never heard about this condition at Rock Island being so bad? —A. Not so bad, as far as I knew, at the time of this report.

Q. What do you mean by that?—A. I mean by that the reports I read in the papers.

Q. To what extent did you hear it was bad before that?—A. It was always supposed to be bad; even when I went there it was supposed to be bad.

Q. We had a letter produced this morning from your sub-collector, who wrote to you asking that it be remedied; what did you do about that?—A. I wrote to the Deputy Minister.

Q. Did you keep a copy of the letter?—A. I suppose it is in the office.

Q. You sent that along with the other, in regard to the automobile?— A. Yes.

Q. Do you know any reason why the automobile Mr. Stevens mentioned should be in Canada without the duty being passed?—A. No sir.

Q. It was used in Canada and the United States?—A. Yes.

By Mr. Calder, K.C.:

Q. Where was it registered?—A. In the United States.

By the Chairman:

Q. Had it an American license?—A. Yes, it had.

By Mr. Donaghy:

Q. What line of business is the man in that runs it?—A. He is a stone-cutter.

By Mr. Calder, K.C.:

Q. Where does he live?—A. In Canada.

By Hon. Mr. Stevens:

Q. It sounds a little anomalous, for a stone-cutter to have a $4,000 Hudson car; do you not think so?—A. I do not know.

By Mr. Bell:

Q. He may be a diamond cutter?—A. No sir. He runs a quarry there.

By Hon. Mr. Stevens:

Q. He is a business man?—A. Yes sir. He is a business man.

Q. A prominent man in Beebe Junction?—A. He runs a quarry there, and keeps six or seven men working for him.

By the Chairman:

Q. Is it in the States?—A. It is right on the line.

Q. Is the car stored in the United States at night, or in Canada?—A. As far as I know, it is in the States.

Q. The garage is in the States?—A. Yes, as far as I know he has a garage in the States too.

Mr. Doucet:

Q. His home is in Canada?—A. His home is in Canada.

Q. And his business is in Canada?—A. No, in the United States. He has two other cars besides that.

By Mr. Calder, K.C.:

Q. Are they also American registered?—A. No sir. He has a Canadian car and a truck; I think he has two Canadian cars and a truck.

By the Chairman:

Q. Has he two Canadian licenses?—A. I would not be positive. I knew he has one anyway, and a truck. Then he has this American car also.

By Mr. Donaghy:

Q. He uses it back and forth in his business?—A. I understood by the letter it was used for going to his business in the United States.

Hon. Mr. STEVENS: He walks over to the United States to get his car, attends to his business, works there, and then walks home. That sounds reasonable.

By Mr. Doucet:

Q. Is the quarry on the boundary line?—A. Not his quarry, his shop, where he cuts the stones and gets them ready for shipping. It is right on the border, it is in the States, but right on the border.

Q. He can step out of it into Canadian territory?—A. Yes.

Q. And he can step out of his car into Canadian territory?—A. Yes.

Q. He would not need to have an American license to be able to step into his car?—A. I do not know.

Q. The fact of having an American license does not help him in his business?—A. I cannot say that it does. I would not say.

By the Chairman:

Q. How far from his house is that garage?—A. It would not be very far, I suppose two hundred or three hundred yards. He lives quite close to the line.

Q. But the garage is on United States ground?—A. Yes.

By Hon. Mr. Stevens:

Q. Now, Mr. Brownlee, you say you do not know of any smuggling around that district; you do not believe there is very much smuggling. Is that not what you said a moment ago?—A. Pardon me, that I do not believe what?

Q. I think you said a moment ago that you did not believe there was much smuggling going on?—A. I did not.

Q. How long have you been collector there?—A. Since 1919.

Q. About 1923, was it not, there was a whole raft of seizures, including one that paid $5,000, another $1,600, another $1,300, some $900, some $600, and so on down the line. You recall that?—A. I do not know anything about it, only what I heard.

Q. But you know?—A. It was not reported to me, Mr. Stevens.

Q. Do you sit there and tell us that you do not know anything about that?—A. I said I heard it reported; I just heard it.

Q. One would think you were living in the city of London. I would venture to say that there was not a child or person over ten years old that did not know about it?—A. I knew about it by the reports.

Q. That is what I am coming to. That group of seizures was made by the Preventive Service?—A. Yes.

Q. Not by the officers on the ground?—A. No.

Q. Not at all?—A. No.

Q. In the face of that, and what has been constant rumour since, do you still persist that you do not believe there is any smuggling around there?—A. Yes, sure I believe there is smuggling, all right.

Q. And that is being done by Turner, Gilmore, and so on, down the line, the R.N.G. Company, the business men, you know that?—A. I know that according to the reports, not personally.

Q. You are not interested?—A. I am interested, certainly I am.

Q. How do you clear their goods?—A. By entry.

Q. Where?—A. In the Customs office.

Q. In the factory?—A. No, sir.

Q. Do you ever go to the factory to clear them, or have one of the men go over?—A. Yes, to check them out of the cases, when they come in.

Q. You have some of your men go to the factory and make the check there?—A. No, they bring in their entry, and give it to you and you release the goods to them.

By the Chairman:

Q. Without seeing the goods?—A. We generally send a man to check them. They come in and give us the invoice first.

By Hon. Mr. Stevens:

Q. How do these goods come in?—A. By freight, generally.

Q. Do you mean by train?—A. Yes.

Q. Why do you not check those goods before they are delivered from the freight shed?—A. That would necessitate quite a bit of trouble. They are in cases.

Q. That would be a very disastrous thing?—A. I do not know.

The CHAIRMAN: It is too much trouble to do that.

By Hon. Mr. Stevens:

Q. Do you think you have as good a chance to correct the correctness of a shipment of goods if those goods are first received into the man's premises as if you did it on neutral premises, namely, the freight shed?—A. Yes.

Q. You think so?—A. I think so.

Q. You think that is quite as satisfactory?—A. I think so.

Q. We will have another witness here who will tell us what he thinks, and we may hear quite a different story? (No answer.)

By the Chairman:

Q. Before you go, Mr. Brownlee, we are here to receive recommendations; can you give us any recommendations in regard to that district, for the future. What would you do to prevent smuggling?—A. The only thing is to check them.

Q. Check whom?—A. Check the manufacturers about twice a year.

Q. Why did you not do that in the past, check them twice a year?—A. We have no authority to do that.

[Mr. E. Brownlee.]

Q. As collector of Customs, you are supposed to bring into the treasury all the money you can get on goods entering into Canada?—A. Yes.

Q. And that is what you do?—A. Sure.

Q. Why did you not go and check them?—A. That is not my business, I mean, to check them each year. That is a big job, to check those firms twice a year. I helped to check Turner a few years ago, and I spoke to Mr. Wilson about it, and I think I spoke to the Deputy Minister about it.

Q. What was the answer?—A. They sent and checked Turner at that time.

Q. What happened?—A. I never heard the report that came out about it.

Q. You never heard of the report?—A. No. I would not hear that.

Q. It would be a good reason for you to watch every factory in the future, to put your men outside?—A. To watch them.

Q. Yes?—A. We did all we could in that way, sure.

By Mr. St. Pere:

Q. Have you the necessary help to keep a good watch on those fellows?—A. Yes, I think we have.

Q. So you would not need more men?—A. Well, I do not believe men are of much use.

By the Chairman:

Q. What do you want, women?—A. It is pretty hard to put men enough there, to watch them. If they are going to smuggle, it is a pretty bad place, and sometimes when an officer does his duty—

By Hon. Mr. Stevens:

Q. —he is not popular?—A. I have had men taken away from me there because they were doing their duty; at least I thought it was because they were doing their duty.

Q. Who was that?—A. One was a man named F. W. Cowan, one of the best men I ever had.

Q. When was he taken away from you?—A. About 1914.

By the Chairman:

Q. Do you remember his first name?—A. Frank W.

Hon. Mr. STEVENS: Any more?

By Mr. Donaghy:

Q. There are none within three or four years?—A. They are all there.

By the Chairman:

Q. What is the name of the other officer taken away from your port?—A. They are all there now. This gentleman said not too long ago, within the last two or three years.

The CHAIRMAN: He was just joking.

Hon. Mr. STEVENS: He is tickled to death that you reported that one in 1914, and none since.

By Hon. Mr. Stevens:

Q. Can you give us some more?—A. I cannot just recall.

Q. You must remember the names of the officers who were working with you?—A. A man by the name of Insoll.

Q. When was he taken away from you?—A. Shortly after Mr. Cowan went.

Q. In 1915 or 1916?—A. In 1914 or 1915.
Q. Name another one?—A. That is all.

By Mr. Doucet:

Q. Were those men working at Beebe Junction?—A. No sir, at Rock Island.

By Mr. St. Père:

Q. Were they fired from the service, or sent somewhere else?—A. Mr. Cowan was sent somewhere else, and Mr. Insoll was fired.

By the Chairman:

Q. Were they good officers?—A. I considered them good officers.
Q. For watching the roads?—A. Yes, sir.

By Mr. Donaghy:

Q. We have it in that report that a raid was made on these factories in 1914, and fines and forfeitures levied; do you remember that?—A. Was that in 1912?
Q. Maybe it was about that time. Was Cowan mixed up in that?—A. No sir. That was before his time.
Q. What was Cowan doing that he was removed?—A. I could not tell you. He may not have been removed for that, but I had it in my mind that he was.

Hon. Mr. STEVENS: I would like to have Mr. Brownlee stand aside for a minute, so that we may recall Mr. Kellert, for a moment.

By Mr. Donaghy:

Q. How many years have you been there, Mr. Brownlee?—A. Since September 25, 1912.
Q. A period of fourteen years?—A. Fourteen years.
Q. I suppose you know the names of the factories around there?—A. Yes, I know them all.

By Mr. Bell:

Q. The reason you do not think there is any smuggling is because nobody has been fired there lately?—A. No, I would not like to think that.

By the Chairman:

Q. Have you good officers there now?—A. I do not know much about the officers at Rock Island, because I do not come into contact with them.
Q. At Beebe?—A. Yes.
Q. Do you need more officers there?—A. We have enough for the office we have there now.

By Mr. Calder, K.C.:

Q. Did you have a man called Elder, who was removed?—A. Yes, sir.
Q. When was that?—A. That was in 1922, I think.
Q. Why was that done?—A. I could not tell you.
Q. Was he a good officer?—A. Fair.
Q. Fair to middling?—A. Yes.

Hon. Mr. STEVENS: Step aside, and let Mr. Kellert take the box a minute.

Witness retired.

[Mr. E. Brownlee.]

JOSEPH KELLERT recalled.

By Hon. Mr. Stevens:

Q. Mr. Kellert, you are still under oath?—A. Yes, sir.

Q. When you were on the Preventive Service, and on inspection, not inspection but on special duty at Rock Island and Beebe Junction, did you call at Mr. Brownlee's office, the collector at Beebe?—A. Yes.

Q. Did you endeavour to get any information there, regarding the situation in Beebe Junction and Rock Island?—A. Yes.

Q. How did you succeed?—A. I did not get anything. I was told Mr. Brownlee said he knew there was smuggling, but he could not tell me how, where, or by whom.

Q. He did not give you any information?—A. He said he had none.

Q. Did he give you any assistance?—A. Well, any time we asked him for any papers, or to look through any of the bills of lading, or packages that might have come through, he was very courteous and always ready to help us.

By Mr. St Père:

Q. He was never hostile?—A. No sir. He never was hostile, but he simply did not know anything.

By Hon. Mr. Stevens:

Q. You made a number of seizures, of course?—A. Yes, sir.

Q. As we have already demonstrated?—A. Yes.

Q. Among them was Turner?—A. We did not make a seizure upon Turner, because we were told to lay off.

Q. Who told you to lay off on Turner?—A. Mr. Bisaillon told me to lay off.

Q. Did you make any inquiries from Mr. Brownlee in regard to Turner? —A. Yes.

Q. What did Mr. Brownlee tell you?—A. Mr. Brownlee said he was in a position to know that Turner was all right, as his daughter worked there.

By Mr. St Père:

Q. He told you to lay off?—A. He did not tell me personally, but he wrote a letter to Mr. Laing, whom I was out with, telling him to lay off.

By the Chairman:

Q. What did you do; did you lay off?—A. No, I walked away.

Witness discharged.

D. F. MORANVILLE called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Moranville, you are a Customs officer at Beebe?—A. Yes, sir.

Q. You are in charge while Mr. Brownlee is ill?—A. Yes, sir.

Q. When did you enter the Customs service?—A. In 1912.

Q. Were you always attached to Beebe?—A. Yes, sir.

Q. Ever since 1912, when you were admitted to the Service?—A. Yes.

Q. Do you know anything about smuggling there?—A. No, sir.

Q. You never noticed that there was smuggling going on, of any kind?— A. No, sir. I never saw any except while we interfered with them.

Q. That was petty smuggling all the time?—A. Yes, sir.

Q. Did you ever lie in watch for any manufacturers of Beebe?—A. I have.

Q. You never caught any of them at it?—A. No, sir, I have not.

Q. Upon what reports have you lain in watch for manufacturers at Beebe? —A. Just my own observations.

Q. What was your observation which led you to watch the people of Beebe, manufacturers?—A. Well, I don't know. I did. I had certain suspicions.

Q. You had certain suspicions which are now apparently pretty well founded?—A. Well, I don't know about that. You are speaking about Beebe now?

Q. Yes. Were you stationed at Rock Island at any time?—A. No, sir.

Q. Do you know anything, incidentally, about smuggling at Rock Island? —A. No, I can't say I know it; I have my suspicions; I can't swear to it.

Q. Have you any business outside of the Customs house business?— A. Absolutely none.

Q. Do you deal in radios?—A. No, sir.

Q. You never imported radio sets?—A. No, sir.

Q. Or parts for radio sets?—A. I have for myself; I built a set for myself; two or three of them.

Q. Have you never built sets and sold them to people around Beebe?— A. Yes, sir, I did; I sold one set to Mr. Turner.

Q. From where did you get the parts?—A. I bought some from MacPherson Brothers, Montreal.

Q. Did you buy any in the United States?—A. Yes, sir, and paid the duty on them.

By Hon. Mr. Stevens:

Q. Mr. Maranville, what is your position; examiner?—A. Customs and Excise Examiner.

Q. Do you give all your time to that work?—A. In the office, yes, sir.

Q. You do not do anything else?—A. No, sir.

Q. No other line of work or business?—A. No, sir.

Q. Have you any business relations with any of the prominent business men of Beebe?—A. No, sir.

Q. You do not do any business with them?—A. No, sir.

Q. By the way, have you ever been sent to their factories to check goods in regard to entries, which they were desirous of making?—A. Yes, sir.

Q. How did you do that work?—A. Why, we checked the entry and the invoice. You mean, when they wanted to import something? If it was coming by highway, if they didn't come to the office, we would go with them to their factory.

Q. And make the entry there?—A. No, they came to the office with the entry and then we would go with them and check the goods with the invoice, and entry.

Q. I want to get this clear, in my mind. They came to your office and declared that they wanted to make an entry for some goods that they were importing?—A. That is highway you are speaking of?

Q. It is not; I believe there were some goods that came in by freight, as well?—A. No, sir, we examined them right at the freight shed.

Q. Mr. Brownlee just told us that sometimes you examined the goods in their factories?—A. I never have, sir.

Q. You are speaking of what you know yourself, of course?—A. Yes sir.

Q. They would come to your office and say that they wanted to make an entry for goods they had brought in?—A. That they are going to bring in.

Q. You would prepare the papers?—A. No, the papers are all prepared when they bring them.

Q. They prepare the papers before they bring them?—A. Yes sir.

Q. When you have these papers, you go with the importer down to his factory and he shows you the goods, when you check them according to the invoice; is that the way you do it?—A. No, sir.

Q. How do you do it?—A. We go over to the freight shed and examine them; if there are more than ten packages, we examine probably one of those boxes with the invoice, taking that particular number which is shown on the invoice. It probably never happens more than once in two years where there are less than ten packages.

Q. We are talking about examining at the factory or the warehouse?—A. This is at the freight shed.

Q. Let us get to the examination at the factory; am I correct in saying that they bring in to the office a declaration that they have some goods to enter, that they are bringing in by truck?—A. Yes, sir.

Q. They make out the entry papers, and then you go to the warehouse, or factory, and check over the goods?—A. Yes, sir.

Q. The goods having been taken there by truck, before?—A. Not necessarily there before. As a rule, they are at the border. It is only in special cases that happens, and they notify us that they are bringing the goods across the border, and come and get us, as a rule, and we check them. When the truck comes in the goods are opened at the warehouse, we would be there and check the goods from the truck into Mr. House's factory.

Q. You said a moment ago, and so did Mr. Brownlee, on occasions you went to the factory and checked goods in the factory?—A. I have, yes, sir, but very seldom.

Q. I do not care how seldom; suppose you say once, for the sake of illustration?—A. All right, sir.

Q. How do you know that the goods for which they showed you the entry were the goods they brought in?—A. We know, because I don't remember that I ever went to check except the truck came, when I was there, with the goods. I have never yet been to a factory when the goods were there. If they have a few cases they either leave them on the south side until we go up and come in with the goods, or bring them to the factory.

Q. That is, when you got to the factory, the truck would be standing at the door?—A. No, sir.

Q. You know the Snag Proof Company?—A. Yes.

Q. Will you come up here and tell me if this is your signature? (Witness examines letter.)—A. Yes, sir.

Q. You told us a moment ago that you had no business with these people; you did no business with anybody, except your own duties as Customs officer. Why did the Snag Proof Company, Mr. J. H. Turner, give you a cheque dated July 24th, 1925, made out as follows:

"JULY 24th, 1925.

Pay to the order of D. G. Maranville, $120 to the Canadian Bank of Commerce.

(Signed) SNAG PROOF LIMITED,
J. H. TURNER."

Why did you receive that cheque?—A. I received that cheque for the radio set I just spoke about.

Q. You were selling radio sets?—A. No, sir, I was not. I had that set. You asked me if I had acted in business, I think.

Q. I did not say that; I asked you if you did any business?—A. No, sir, that is not business; it is simply a personal sale, that is all.

Q. This is for a radio set that you made up and sold?—A. Yes, sir, myself. Something of my own hitch-up.

Q. That is the only one you sold in that way?—A. No, I have one myself now.

Q. That is the only one you sold?—A. Yes, sir.

Q. I suppose you realize it is not a very good line of business for you to be selling radio sets, that you make up yourself, in your capacity as Customs officer, being peculiarly situated, getting in the parts, and so on; it looks rather suspicious, does it not?—A. It might; but it is not, nevertheless. That is an absolutely bona fide thing, as far as that goes. If you want those entries, I can produce the entries, where I paid the duty on those parts; every one. I will be glad to do so.

Q. If you made the entries, I suppose there is no criticism of the transaction?—A. That is the absolute fact.

Q. But it does not look very good to have a cheque paid to you; especially in a place where there has been so much smuggling going on; from a concern that has constant connection with the Customs officers in connection with their business, and where there is a lack of proper surveillance?—A. I can assure you, sir, that is the absolute fact, what I have told you. I think you will find an entry showing where I paid the money. I think you will find another entry where parts were gotten because he broke that set. I did that work more for pleasure and pastime, or fad, and so on, at nights and on Sundays; it did not interfere with my work by any means.

By Mr. Donaghy:

Q. How many tubes had that set?—A. An eight tube set.

Q. I think it was pretty cheap?—A. It is the actual cost of the set, practically; I charged nothing for my work whatever.

By Mr. Bell:

Q. You sold it to Turner personally?—A. I did; he asked me. I had this set, and he said he liked it, as it had lots of volume.

Q. Were not you a little surprised that instead of paying you with his own cheque, he paid you with a cheque of the company?—A. Well, I have told you the facts of the case. I did not know it was the company, or J. H. Turner, I can not say, for my life, if it was the Snag Proof. I took the cheque and got the cash. I do not know as I looked at it to see if it was made by the Snag Proof. If you had asked me, I could not have told you; I would have said that it was his personal cheque.

Q. That is rather peculiar, because it says "Snag Proof Limited" across the top, and the signature has the name "Snag Proof Limited" printed on it?—A. I may have noticed it at the time, I can not say. That is the facts of the case.

Witness discharged.

E. BROWNLEE recalled.

By the Chairman:

Q. Mr. Brownlee, you just told us that your daughter worked for the Snag Proof Company, Limited; will you tell us her salary, let us say for 1924?—A. I am not certain, but I think it is $15 a week.

Q. Does Mr. Turner pay her in cash?—A. I can't say.

Q. You can't say?—A. No, sir, I think he does, always, as far as I know.

Q. What is her first name?—A. Ethel Brownlee.

Witness discharged.

A. F. HOLMES called and sworn.

By Mr. Calder, K.C.:

Q. Are you a Customs officer at Rock Island?—A. I am.

Q. What are your duties there?—A. My principal duty is to keep a record of automobiles; we have a book in which we keep a record of the automobiles going in and out of Canada. It is my work to keep a record of those.

Q. Mr. Gauthier, when called here as a witness, admitted that smuggling had been carried on by his firm in the following fashion; goods were landed on the American side at Rock Island, and warehoused. He mentioned Walsh's barn as a place where warehousing took place. And afterwards smuggled the goods across the line in trucks; the truck used being that of Mr. Seguin. Do you know Seguin's truck?—A. I do.

Q. Does it do much travelling along the roads?—A. It does quite a lot of travelling; he does the local work from Derby Line station to Derby Line.

Q. Is he the principal trucker there?—A. He is.

Q. Did he check in and out when he moved across the line in the trucking business?—A. Yes, sir, he is supposed to.

Q. Is he examined every time he goes through?—A. When he starts from Derby Line Station on the road for Derby Line, he has a permit from the officer at the station to pass through, in transit through Canada; and that permit is delivered to the street office at Rock Island.

Q. The station agent gives him a permit?—A. No.

Q. The station Customs officer gives him a permit?—A. Yes, sir.

Q. With this permit, he passes along the boundary and to the Canadian side of the boundary?—A. Yes, sir.

Q. He then delivers the permit at the Rock Island Main Street office? —A. Yes, sir.

Q. Does he always report at the Main Street office, or does he sometimes take that back road?—A. I don't know as to that; he might have gone on the back road, I presume.

Q. There was nothing to prevent him?—A. No, sir.

Q. No. watch is ever kept on that road?—A. Oh yes. All the officers at the Main Street office calculate to watch the back roads, as far as we can.

Q. Is that force numerous enough for that purpose?—A. No, sir, it is not.

Q. Is any watch kept at night?—A. We have a night man there at night.

Q. One night man?—A. Yes, sir.

Q. To control how many roads?—A. I can't say exactly, I think four or five roads.

Q. It is not physically possible for him to cover it, is it?—A. No, sir, it is not.

Q. So there should be a larger night staff?—A. There certainly should.

Q. Do you know anything of your own knowledge, as to smuggling going on in Rock Island—A. No, sir, I don't know personally; I have my own idea; I don't know any further than that.

Q. Did you ever go to Mr. Turner's place on an inspection?—A. No, sir, I never did.

Q. To the Snag Proof Company's?—A. No, that is Beebe Junction.

Q. Did you ever go to Jenkins' place?—A. Yes, sir.

Q. Were you well received there?—A. I was not.

Q. What happened to you when you went to Jenkins Overall Company's place? When was that?—A. Well, it is the first year he went into business.

Q. You went there on an inspection, in the discharge of your legitimate duty as a Customs officer?—A. That is just what I went there for.

Q. Did you disclose your mission?—A. I did.

Q. What did you say?—A. Perhaps I had better explain the reason why I went there.

Q. Yes.—A. When I was at the station, I made a practice of going to the Derby Line station and looking for shipments that were shipped to different parties, especially to the Jenkins Company of Derby Line, and this particular time I found one barrel of buttons or buckles, I am not positive which, in the Derby Line station; then an hour or two hours after that, I went over and it was gone.

Q. Had it gone without reference to you?—A. It should not have gone; so I made up my mind where that barrel had gone, I thought it had gone to the Jenkins factory, so I thought as a matter of courtesy to him, I would go and tell him what I thought about it. So I did. I went up to his office and told him that this barrel was there, then an hour or two after that the barrel was gone, and I had every reason to think that the barrel had gone to his factory.

Q. It was sent to him?—A. Sent to him, Jenkin's place.

Q. At Derby Line or— —A. Derby Line.

Q. Or Rock Island?—A. No, sir, Derby Line. I only talked with him a few minutes; finally he belched out in pretty bold language and said he was a strong Liberal and if Mr. Knight and I cared about our job we wanted to let him alone and he said he could have any of us dismissed if he saw fit. At that time he apparently did not think very much of Mr. Knight, more than he did of me. Well, the fact is, I got disgusted and I left his office.

Q. You did not insist upon looking?—A. Well, no, I did not.

Q. Were you ever moved from the freight shed to the road staff?—A. I was.

Q. Do you know why that was?—A. No, I do not know.

Q. Anybody hint to you why?—A. No, sir.

By Mr. Donaghy:

Q. Was it shortly after the barrel affair you were moved?—A. Well, it must have been some little time, I cannot tell you the exact date.

Q. Did you report that to anybody?—A. Yes, sir.

Q. Was the barrel found?—A. I beg your pardon?

Q. Was the barrel found?—A. No, not to my knowledge.

Q. Whom did you report to?—A. I reported to our sub-collector.

Q. What is his name?—A. N. C. Knight.

Q. Did you ask him what steps he took to find that barrel?

Mr. CALDER, K.C.: Mr. Knight is still here.

The WITNESS: No, I think he is gone.

Mr. CALDER, K.C.: I was not aware of this incident, Mr. Donaghy.

The CHAIRMAN: I suppose it was reported to Mr. Brownlee?

By Hon. Mr. Stevens:

Q. Do you know if that was ever reported to Ottawa, Mr. Holmes?—A. Not to my knowledge.

Q. Have you any copies of the letters you wrote about it, or did you write any letters?—A. I never wrote any letters.

By Mr. Calder, K.C.:

Q. Will you tell the Committee how goods, coming into Rock Island from Derby Line, can avoid the Customs house or all the Customs houses?—A. You mean goods shipped through in transit through Canada—Derby Line? How they could come back into Canada?

Q. Goods that are landed at Derby Line, how can they come into Canada? —A. Well, several ways they can come into Canada.

Q. What are they?—A. Well, one way is they can come direct from Derby Line station up through to Derby Line, then they can go as far as they like to take them from Derby Line.

Q. Truck them in?—A. Yes, sir.

Q. Is there any other way?—A. Yes. There is one road that leads by the Customs office at the station, and there is another road that leads from the station by the end, perhaps two or three hundred feet of the station, without passing by the Customs.

Q. The trucker has the choice of passing in front of the Customs House at the station or not passing in front of it?—A. Yes, sir; it would be more likely he would not pass by the Customs.

Q. Can you tell us, from your observation, which of the two roads is the most worn there?—A. I could not say as to that.

Q. Some of the members of the Committee probably can tell the rest of the members. It is a fact, is it not, that the road which does not pass in front of the Customs is the one that is most travelled upon?—A. Well, I could hardly say that, for the reason that there are goods shipped direct to Rock Island from Canadian points that pass by this road, one road; it would be natural that would be more travelled than the other road.

Q. Do you know of any Rock Island concerns which have branches, or establishments, in Derby Line?—A. They have; they got storehouses, or some of them.

Q. Storehouses?—A. Yes, sir.

Q. Have they any bona fide factories on that side?—A. Not to my knowledge they have not.

By Hon. Mr. Stevens:

Q. Mr. Holmes, have you examined goods that have come in for entry in the factory?—A. No, I do not think I ever did.

Q. Never did?—A. I do not think so.

Q. I had some information that there was a case—I have mislaid the information now—where you examined a bale of cotton goods, I think it was in Jenkins', brought in by truck and they made entry and you went down to the factory to examine it and pass the entry; do you remember that?—A. I do not remember it. It might have been so, but I do not remember it.

Q. Did you ever hear of them bringing in truck loads of cotton, for instance, say, five bales and then making an entry for one bale?—A. I never knew of a case of that kind.

Witness discharged.

ARTHUR LAING recalled.

By Mr. Calder, K.C.:

Q. Mr. Laing, you are still under oath. Are you on the sales tax inspection staff now?—A. Yes.

Q. Were you ever a Customs Enforcement Officer?—A. Never permanently, only assisting.

Q. Whom were you assisting?—A. Mr. Bisaillon.

Q. In Montreal?—A. In Montreal.

Q. Were you attached to the staff there?—A. Just temporarily.

Q. Where was your permanent location?—A. Montreal.

Q. Did you go down to Rock Island?—A. Yes.

Q. When did you go down?—A. I left on the night of October 6th, 1924.

Q. Were you alone?—A. No, I was accompanied by Officer Kellert and Officer Loranger.

Q. What were your instructions upon going down there?—A. To assist in the clerical work of inspection of the records and books in connection with the various manufacturers at Rock Island.

Q. In conseqence of those instructions what companies did you inspect?—A. Oh, I think there were some twenty-two different firms there, as far as I can remember.

Q. Did you investigate them all?—A. As far as there were any records available.

Q. Were the records in bad shape?—A. Mostly were incomplete.

Q. Incomplete in what particular?—A. They had not any records pertaining to their bills payable, and a lot of them did not have sales records; a number of them had not any sales record.

Q. Would it be unfair to say, Mr. Laing, that these companies' records were deficient especially in as much as records that would interest the revenue of Canada?—A. Well, it would appear that way.

Q. Did you obtain any information at that time with reference to prison made goods?—A. The only information that came to my notice was through the inspection of the freight way bills.

Q. What did those reveal to you? If you have the records of your inspection, Mr. Laing, you can refer to them to refresh your mind.—A. The way bills revealed the fact that shipments of goods were being consigned to Derby Line firms, to manufacturers who had factories in Canada, but the goods were consigned to Derby Line firms.

Q. You say, goods manufactured in Canada?—A. No, I did not say that.

Q. I understood you to say that, from factories in Canada.

Hon. Mr. STEVENS: Who had factories in Canada.

Mr. CALDER, K.C.: Oh, I see, who had factories in Canada.

By Mr. Calder, K.C.:

Q. These goods were sent from the United States manufacturers to Canadian firms but these Canadian firms had institutions twinned with them in the United States; is that correct?—A. In other words, they had storages on the American side.

Q. Storages on the American side. Among these invoices and other records, way bills, did you find any that covered prison made goods?—A. There was one firm particularly that was mentioned, on the prohibited list.

Q. What firm is that?—A. I will have to take a minute to see if I can locate the name.

By Hon. Mr. Stevens:

Q. You are now referring to an American firm?—A. Yes, sir.

Q. A shipper of prison-made goods that is on the black list, as it were?—A. I mean, it was included in a memorandum, a departmental memorandum.

By Mr. Calder, K.C.:

Q. Are you looking for the list of way-bills? There has been one handed in this morning. This morning we asked Mr. Kellert to detach a list of invoices to show prison-made goods and he handed that in, so it is not likely among those papers, Mr. Laing.—A. Well, the particular firm, I will have it here in a minute if I can just take one moment. I am sorry to delay the proceedings. There is copy of freight way-bills of the Boston and Maine Railroad, dated March 22, and it is consigned to—

By the Chairman:

Q. The year?—A. The year is not at the head of this list. Take this one; January 6, 1924, from Kegan-Grace, consigned to the New England Apparel Company, two cases of cotton shirts; and on the same date, one case of cotton shirts. January 4, 1924, four cases of clothing from the Kegan-Grace.

By Mr. Calder, K.C.:

Q. And you say, Kegan-Grace were on the prohibited list?—A. Prohibited list.

Q. Why? As doing what?—A. The Departmental memorandum would explain the facts fully.

Q. Well, until we lay our hand on it; was it the case that they were making prison-made goods?—A. As far as I can recollect, and I do not think it states that clearly, but I imagine it would be presumed that would be the reason.

Q. Did you have any way-bills from Goodman's?—A. I think I have copies. I am sorry I cannot locate it right now. It would mean the examination of all these papers and it would take some little time.

Q. You could state it later on. Your present impression is there were invoices from Goodman and Company?—A. I seem to remember something that came in during the time these manifests were copied; I would not state definitely, though.

Q. As Sales Tax Inspector, how did you find the books in the Rock Island district?—A. Oh, they are very incomplete.

Q. Very incomplete. Did Mr. Bissonnette, of the Peerless Overalls, have a set of books?—A. I never inspected the books of Mr. Bissonnette.

Q. Mr. Stone did that?—A. Yes.

Q. Mr. Kellert told us this morning that while you were at work, not as Sales Tax Inspector, but as attached to Mr. Bisaillon; while you were at work in October of 1924, on the books of the Snag Proof Overall Company, Mr. Turner's concern, you received a letter from Mr. Bisaillon telling you to lay off; is that correct?—A. That is correct.

Q. Will you find that letter, please? Is that the letter you have there? —A. I will just make sure. This is the letter here.

The CHAIRMAN: Will you read that, Mr. Calder?

Mr. CALDER, K.C.: Yes. (Reads):

"MONTREAL, December 12, 1924.

TO ARTHUR LAING, Esq.,
Assistant Inspector of Customs-Excise,
Rock Island, Quebec,

DEAR SIRS,—Referring to your letter of the 11th instant, regarding interview with Mr. Turner, I would kindly ask you to do not bother with this man and have nothing to do with him, do not accept any settlement from him. I am instructing Mr. Hebert in this matter.

Yours truly,

(Singed) J. E. BISAILLON,
Inspector of Customs-Excise."

Q. I would say that that is not exactly an order to lay off the inspection. Did you so construe it?—A. I did, sir.

Q. Did you report to Mr. Bisaillon that you had so construed it?—A. Yes sir.

Q. And did he tell you that you were mistaken in that construction?—A. No sir.

By Mr. Bell:

Q. Perhaps he verbally confirmed that impression, did he?—A. Yes sir.

Q. And do you recollect how specific he was?—A. He was quite definite in stating to leave the matter in abeyance.

By Mr. Calder, K.C.:

Q. That was in answer to a letter that you wrote. Have you got that letter?—A. I see that letter is dated the 11th. I do not remember to have the letter of the 11th here.

Q. Can you tell us what was the substance of the letter you wrote?—A. I am afraid I cannot, from memory.

Q. Was there somebody in the Rock Island district who was doing the income tax work for all the concerns?—Mr. Moore?—A. In what way?

Q. Preparing an income tax return is a wonderfully grievous task to take on, usually. Was there someone there who used to do that for most of the firms?—A. I understand that Mr. Moore did make up for a few of them.

Q. He is the accountant of the Peerless Overall?—A. Mr. Moore is, yes.

Q. Do you know whether he does it now, still?—A. I couldn't say positively.

Q. Is that your impression?—A. It is my impression.

Q. Mr. Moore is a good qualified accountant?—A. I would classify him as an A-1 accountant.

Q. Did you ever see, on any of the invoices or waybills which you examined, the Reliance Manufacturing Company?—A. I think I have.

Mr. CALDER, K.C.: That is all.

By Hon. Mr. Stevens:

Q. Two or three questions, Mr. Laing, in regard to this letter. Had there been reports made on every one of the Snagproof to Bisaillon?—A. Previous to that letter?

Q. Yes.—A. To the best of my memory, there were one or two reports; I think possibly two reports that were sent in up to that date.

Q. Subsequent to this, was any seizure made at the Snagproof?—A. Nothing was done, subsequent to the date of that letter; that is, to the best of my knowledege.

Q. Have you got in your files, a letter from Mr. Bisaillon to Mr. Wilson, regarding any of the activities at Beebe Junction?—A. I would not have any of that correspondence.

Q. You have not got one there regarding the Wilkinson car?—A. I could have a look over.

Q. Would you mind just glancing through your file, hurriedly, to see if you have that special letter?—A. I do not seem to have that letter that you are referring to, sir.

Q. It seems to me that one of the witnesses said a while ago that you had a letter. I may have described it wrongly. It is about that Wilkinson car, and I think Mr. Kellert said there was a letter in that file, and that you would produce it when you came in.

The CHAIRMAN: Was there not a declaration to be put in?

Mr. CALDER, K.C.: Yes, I had forgotten that. Mr. Laing was to identify that, as having taken it.

Hon. Mr. STEVENS: That is not the one I was referring to, but we want that confirmed, if Mr. Calder will have that done. The document I refer to might take the form of a letter from Mr. Bisaillon to Mr. Wilson, the Chief Preventive Officer. It is possible that Mr. Bisaillon sent a copy of the letter regarding the Wilkinson incident, in a covering letter to yourself or Mr. Kellert. Perhaps you could take your papers and go to one side while one of the other witnesses comes, and look through and find it.

By Mr. Calder, K.C.:

Q. Will you look at this document, and state whether you were one of the witnesses before whom that declaration was made?—A. Yes, I took this affidavit.

Mr. CALDER, K.C. (Reading):

EXHIBIT No. 210

"ROCK ISLAND, Quebec, March 25, 1925.

I hereby declare that notwithstanding any other declaration I have made, all shirts sold to Messrs. the Montreal Glove Works, Montreal, were sold to Messrs. the Jenkins Overall Company, Rock Island, by the New England Apparel Company, Derby Line, Vermont. The said merchandise was taken delivery of by Messrs. the Jenkins Overall Company at Derby Line, Vermont, and repurchased by me from them at Rock Island, Quebec.

I declare that I am the sole proprietor of the New England Apparel Company, also proprietor of the Eastern Apparel Company.

I also beg to declare that I have sold about $3,000 worth of goods in the name of the New England Apparel Company, Derby Line, Vermont, to Messrs. the Jenkins Overall Company, Rock Island, Quebec, during the past year, and all said goods were taken delivery of at Derby Line, Vermont.

I also beg to declare that I have purchased in the name of the Eastern Apparel Company, about $5,500 worth of goods from Messrs. the Jenkins Overall Company, Rock Island.

The above mentioned shirts were purchased by the New England Apparel Company, Derby Line, Vermont, from Messrs. the Reliance Manufacturing Company of Boston, and sold as explained above.

I make this solemn declaration, conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath, and by virtue of the Canada Evidence Act.

THE EASTERN APPAREL COMPANY,
Per C. G. Marois.

Declared before me at Rock Island, this
25th day of March, 1925.
Witness: M. C. KNIGHT
A. LAING
Assistant Inspector
Customs-Excise."

I put this in as Exhibit 210. That is all. He is discharged. I will call Mr. Bryce.

Witness discharged.

J. H. BRYCE called and sworn.

By Mr. Calder, K.C.:

Q. What is your occupation?—A. Public accountant.

Q. Are you a public accountant in the United States or Canada?—A. Canada.

Q. Where is your office?—A. Sherbrooke.

Q. Were you retained to prepare income tax returns for Rock Island companies?—A. The income tax returns, no. I don't think I prepared any of them.

Q. Were you employed by them in connection with their accountancy work?—A. Yes.

Q. Do you audit them?—A. Partly.

Q. What companies did you do?—A. The Goodhue Company and the R. and G. Manufacturing Company.

Q. Any others?—A. No.

Q. Was that for their own purposes, or the government purpose?—A. Their own purposes.

Q. Did you have any United States records, as well as Canadian, to go upon?—A. No.

Q. You had only Canadian records?—A. I had the records they produced there. My work was chiefly to make their closing entries at the end of the fiscal period, and certify to the assets and liabilities for banking purposes.

Q. Did you voucher these accounts?—A. No, sir. The R. and G. is a partnership of two persons, and they restricted me to simply preparing their statement at the end of the fiscal period.

Q. Preparing their statements from the books alone, and not from vouchers? —A. No, from the books as I found them. What we call a balance sheet audit.

Q. In what condition did you find the books of the R. and G. Company at that time; were they complete?—A. Yes.

Q. Were there any American purchases in their books?—A. Yes. I did not examine any invoices at all.

Q. Did you deal with one or two bank accounts in connection with this audit?—A. I did not examine the bank accounts any further than to certify the balances, by letters from the banks.

Q. Were there two bank accounts?—A. Yes, there was a savings bank account, and a general checking account. You are speaking of the R. and G.?

Q. The R. and G. so far.—A. Yes.

By Hon. Mr. Stevens:

Q. Do you mean certify the balance at date of audit?—A. Yes, by simply getting a letter from the bank; my work being to certify to the balance sheet as to the accuracy of the assets and liabilities at the date of audit.

By Mr. Calder, K.C.:

Q. No statement was ever made to you by the R. and G. Company as to the reason for carrying two bank accounts?—A. No.

Q. Now as to Goodhue. Were their books complete?—A. Quite complete, yes.

Q. Were they well kept?—A. Yes, well kept.

Q. What time did you make this audit?—A. For Goodhue?

Q. Yes.—A. I think I was there about the end of January. I have audited their books for seven or eight years.

Q. And you have audited them year by year?—A. Every year, yes, January and February.

Q. What about the R. and G. Company. Did you examine their books for some time?—A. Yes, I have examined their books for about the same period.

Q. At the same dates?—A. Generally at the same date. Not for 1925, not at the same date.

Q. What date did you examine them for 1925?—A. About the middle of April.

Witness retired.

MARVIN A. SAWYER called and sworn.

By Mr. Calder, K.C.:

Q. Are you a Customs officer at Rock Island?—A. Yes sir.

Q. At the freight shed?—A. Yes sir.

Q. When were you appointed?—A. May 1, 1926—ten years the first day of May.

Q. Have you been there continuously ever since?—A. No, I worked at the Rock Island freight shed for five years, from the eleventh day of April to the 1st day of May, and then I went on the street, the automobile traffic, and worked from the eleventh day of April until, it will be, two years the twenty-fourth of July; I went back to the freight shed.

Q. What were your hours of duty at the freight shed?—A. From seven in the morning until seven at night.

Q. Every day?—A. Yes sir.

Q. You were not there on Saturday?—A. I met you gentlemen right in front of the brick block, and was back there when you were going by the stockyards to Beebe.

Q. Well, you were away at that time?—A. I was away about fifteen minutes.

Q. It was more than fifteen minutes, Mr. Sawyer?—A. Well, I wouldn't say about that.

Q. At least three-quarters of an hour; however,—The Boston and Maine freight sheds were burgled one night and the records taken away from them.—A. Yes sir.

Q. Do you know anything about that?—A. No sir, nothing at all.

Q. You have not heard anything of it from Jenkins or anyone in his employ?—A. No sir.

Q. Did you ever hear Mr. Jenkins express wonder that only the records interesting him were gone?—A. No sir, I never did.

By the Chairman:

Q. Is that opposite the station—the Customs office, closed at night?—A. Yes sir.

Q. On that night was it carefully locked up?—A. Yes.

By Mr. Calder, K.C.:

Q. The freight shed too?—A. Yes sir.

By the Chairman:

Q. You went home at what hour?—A. About seven o'clock at night.

Q. Daylight saving?—A. We are all on daylight saving time. Between six and seven I go to the passenger station to fix a transit manifest for the express that goes south.

Q. The office is closed from seven o'clock in the evening until what time in the morning?—A. Seven o'clock.

Q. There is no one there until seven?—A. No, none of the railroad employees, or myself.

By Hon. Mr. Stevens:

Q. You must find it rather lonesome on that side of the building?—A. Yes, it is.

By the Chairman:

Q. Is there any United States officer there?—A. No, their officers work in the village. They come to the station to seal the cars; the American transit freight cars that go through Canada in transit. They come down to sign the manifest and seal those cars; that is all. They don't have any officer on the American side, only at the village.

Q. And from seven o'clock at night until seven o'clock in the morning, there is absolutely nobody there?—A. Nobody there.

Q. And the road is open?—A. Certainly.

Q. There is no gate there?—A. No gate that I know of, Mr. Mercier.

Q. How long have you been in the service?—A. From the 1st day of May, 1916. That would be ten years the 1st day of this May.

Q. Did you fill this position at the station since 1916?—A. I worked at the station four years, practically five years, and then I went from the station to the office on Main Street on the automobile traffic, and I was there until a year ago last July, the 24th day of July I was transferred back to the freight shed.

Q. To the little cabin?—A. Yes sir, the little six by nine office.

Q. A very lonesome place?—A. While you are sitting at the desk, you cannot see through the window unless you stand up.

Q. And you do not see towards the United States boundary?—A. No sir.

Q. You do not see anyone coming?—A. No sir.

Q. If anyone wants to find you, he is obliged to make a detour from the road to see you at the door?—A. He has to come down the lower crossing, where you went across towards the creamery there, or else at the other end, where the old shop burned.

Q. And either motor or carriages pass to your left, about one acre from your Customs House?—A. Yes, at that crossing where you went towards Beebe.

Q. Then they are obliged to make a special trip to come to see you?—A. They have to come back up there.

By Mr. Calder, K.C.:

Q. What were you doing in the Jenkins Overall office on the night of the theft of the records?—A. Just visiting Mr. Jenkins. I went by there to go to the passenger station, and I went in there to talk to him.

Q. Who were there at that time?—A. In the office?

Q. Yes.—A. He was not in the office. He was down in the shipping room. Nobody there but just Mr. Jenkins.

Q. Was not Mr. Seguin there too?—A. No. There was nobody in the shipping room, just Mr. Jenkins and myself.

Q. In that case, if you did go to the Jenkins Overall Company, why did you tell Corporal Kyle that you had gone straight home that night, and had not been to the Jenkins Overall Company?—A. I never thought about it until afterwards. I have nothing to conceal, absolutely nothing.

By the Chairman:

Q. From the Customs house where you are now, to the station, you do not see the Jenkins warehouse?—A. No, sir.

Q. Anybody can go to the Jenkins warehouse, or the other warehouses, and you will not see them?—A. No, sir.

Q. Did you ever hear that any smuggling was going on in Rock Island?—A. When Mr. Bisaillon and his men came down there, and since.

Q. Did Mr. Bisaillon and his men stop the smuggling down there?—A. I never heard of them seizing anything or catching anybody smuggling, only some people on the street, with little packages of cigarettes in their hands, nothing of any importance.

Q. After the settlement with the manufacturers, when they were fined?—A. Yes, I suppose so.

By Mr. Calder, K.C.:

Q. Mr. Sawyer, I have in my hand a report made by Corporal Kyle upon his investigation, upon which I am basing myself to ask you the next few questions. You saw the auditors work in the freight shed, on the day before the theft, did you not?—A. Yes sir. There was one Weaver. I do not remember the other gentleman's name, but a little fellow, Leaver, I think.

Q. You knew what part of the records they were working on?—A. No, only the bond stuff I understand they were working at.

Q. But you knew at what point they were working, in the freight shed?—A. Just through the office door, where I was.

Q. You could see where they were checking the records from?—A. Yes, if I went to the cupboard there.

Q. You saw them going to the cupboard, and taking the records?—A. Yes, sir.

Q. As a Customs house officer, you knew where those records were kept?—A. Not necessarily.

Q. Do you know or not where the office records of the Jenkins Overall Company and way bills are kept?—A. I know now. The freight receipts and shipping bills were kept in that cupboard there.

Q. Did you tell anybody where they had been working?—A. No sir.

Q. Did you tell Seguin?—A. No, sir.

Q. Did you tell Jenkins?—A. No, sir.

Q. Did you not tell Jenkins the night that you went home?—A. No, sir. I had nothing to do with the Customs at all in the talk that Mr. Jenkins and I had.

Q. When you were examined, when the same question was put to you a very short time after the theft had occurred, you told Corporal Kyle that you did not remember what you had discussed with Jenkins, although it was only two days before. Did you not?—A. Yes, sir. I did tell him that.

Q. So that two days after seeing Mr. Jenkins, you did not remember what you went to see him at his office for?—A. I did not see him in his office; it was the shipping room.

Q. Well, what you went to the shipping room for?—A. I just went in there as I passed by.

Q. You did not tell Jenkins at that time?—A. No, sir.

Q. Wait, you do not know what I was going to ask you about. You did not tell Jenkins at that time that the auditors were at work in the station on their way bills?—A. No sir. I did not discuss the Customs at all, whatever.

Q. Did Corporal Kyle not ask you that question?—A. I could not tell you.

Q. Did he not ask you that question, and did you not say you did not remember?—A. I do not remember all this conversation.

Q. You do not remember whether or not Corporal Kyle asked you, at the time he examined you, whether he had asked you that very question, namely, had you, or had you not told Jenkins that the auditors were at work in the station, on his way bills?—A. I did not tell him, sir.

Q. I am not asking you that, I am asking you whether you remember Corporal Kyle asking you about it?—A. If I told Jenkins? I think he did. I think Corporal Kyle asked me that.

Q. And at that time you did not remember?—A. No.

Q. And now you do?—A. I know I did not have any conversation with Mr. Jenkins about any Customs papers.

Q. But you did not remember that when Corporal Kyle asked you? Did you?—A. No.

Hon. Mr. STEVENS: Mr. Calder, is this in regard to the theft of the papers, from the freight shed?

Mr. CALDER, K.C.: Yes.

Hon. Mr. STEVENS: While the auditors were there, auditing?

Mr. CALDER, K.C.: Yes.

By Mr. Calder, K.C.:

Q. Mr. Sawyer, the auditors state you took more than the usual interest in what they were doing that afternoon; that is true, is it not?—A. Possibly

you might think that, but I could not understand why the bond shipments, why there were checking the bond shipments when they could not be removed from the bond room, unless there was a duty paid entry made for them, or an export entry. I could not understand why.

Q. You had enough interest to watch what they were doing?—A. It was right there, under my nose.

Q. Exactly, and you were in a position to know everything they were doing, and you were in a position to know that, because you wondered as to what they were doing with the bond shipments?—A. When they turned the freight bills over there, you could see that they were bonded goods, and I asked them what they were doing.

Q. What business was it of yours?—A. Not a bit. Only curiosity.

Q. You knew what they were doing?—A. I knew they were checking bonded goods.

Q. You followed them pretty closely that day?—A. No, sir; I was not in the office very much.

By the Chairman:

Q. Did you have anything more to do than watching?—A. Yes.

Q. Did you look around, to see if there was any smuggling going on there? —A. I was in the office and around.

Q. You went and watched the road at Butterfields. Did you go and watch the road along the Butterfield factory, to see anything coming from Derby?—A. At the upper end, you mean?

Q. Yes?—A. No.

Q. You did not go there?—A. No sir.

Q. You see some people often passing with a bag of oats, and feed?—A. Occasionally there are people who go there to get that at that crossing below there.

Q. That is in the United States?—A. Some of the people coming across that crossing, live in the United States, and come across Canada to go to Beebe.

Q. Did you stop them when they passed with that feed?—A. Yes.

By Hon. Mr. Stevens:

Q. Did you always do that?—A. Not always, because I was not there always, on the crossing.

By the Chairman:

Q. On a Saturday afternoon, about four o'clock?—A. That was when I went up to the house, I met you on the road, up in front of Butterfield's shop.

Q. You went to your own house?—A. Yes.

Q. Did you have anybody to replace you that day?—A. No, sir.

By Mr. Calder, K.C.:

Q. Mr. Sawyer, do you remember Corporal Kyle asking you why you were so interested in the work of the auditors?—A. No.

Q. What?—A. Why I was interested?

Q. Did he not ask you why you took so much interest in the auditors' work; did he not ask you that?—A. Yes, he did.

Q. Was that at the moment when you said you wanted time to think over it, before you made any further statements?—A. I could not tell you that; I do not remember that part of it.

Q. I am going to read you this paragraph from Corporal Kyle's report. (Reads):—

"Upon being further pressed, he admitted having called at Jenkins' factory, on the way home, on the night in question, when he conversed

with Jenkins for ten minutes, and he claimed to have forgotten the nature of the conversation, although it took place only two days previous. We questioned Sawyer as to the reason of his great interest in the work of the auditors on the afternoon of the day previous to the theft. Sawyer here made a bad break by stating that he wished for time to think the matter over before making any further comment. We further questioned Sawyer, but he became very reticent, and refused to make any statements, and as it appeared useless to interrogate him further, we told him that he could consider the matter and we would speak to him on the subject later."

Is that a correct report of what happened?—A. I think it is, although I have no record of it.

Q. Tell me if it is a correct report of what happened, and why you refused to make any further statements?—A. One of them was sitting at one end of the desk, Corporal Kyle and Mr. Bass, talking the one back to the other.

Q. But why did you refuse to make any statements?—A. I thought if I was going to make any statement, I had a perfect right to make it before somebody else than them.

Q. Why?—A. I do not know.

Q. Is it your idea that if you had answered them in one way they would twist your answers around?—A. I do not know whether they would or not.

By the Chairman:

Q. When you left them the very night the records disappeared, did you lock your door?—A. Yes.

Q. Did you lock your windows?—A. They are locked at the top.

Q. But did you lock them?—A. I could not tell you whether they were locked then or not.

By Mr. Calder, K.C.:

Q. Seguin left the next morning, did he not; after the theft?—A. Not until the next night did he?

Q. Was it the next night after the Mounted Police had come down, and started to investigate; that is right, is it not?—A. I think he went on the night train, but I am not sure. I think it was the day the Police were there, or the day after that. I know he had been talking of going for two weeks, and he went away on the train, I am not sure whether it was the next day, or the day after. He went away at night.

By the Chairman:

Q. How long did you know he was going to go away? Fifteen days, or about two weeks?—A. He was talking around the shed that he was going down into the country to see his uncle.

Q. Is he a married man?—A. Yes; he has a wife and three children.

Q. Is his wife in Rock Island?—A. I could not say. He was not there yesterday.

Q. Is he there now?—A. I do not know whether he is at home or not; I have not seen him within ten days.

By Mr. Calder, K.C.:

Q. Have you seen him since Gauthier mentioned his name in this inquiry? —A. I think he was there one day after that; I think it was just one day after that.

Q. On the morning after you were first examined, you were examined again, and you said you wanted to be taken before a lawyer or a justice of the peace? —A. Yes.

Q. That is correct, is it not?—A. Yes.

Q. You flatly refused to answer any questions, stating that you knew nothing of the theft. Is that correct?—A. That is absolutely so.

Q. You had been told by N. C. Knight, assistant collector of Customs, to say nothing and not to answer any questions?—A. Yes, sir.

Q. You knew that these were police officers?—A. Yes.

Q. Federal officers?—A. They told me that they were anyway.

Q. You knew that they had a right to examine you?—A. I did not know that.

By the Chairman:

Q. Did you know that the only body to protect the Customs in Canada was the Royal Canadian Mounted Police?—A. No, sir.

By Mr. Donaghy:

Q. Why were you afraid to discuss that matter with the Mounted Police officers?—A. I don't know as I was afraid. If there was any way, I wanted to have somebody to put it down just as I said it, so that I would have a record of it. I did not know just what it was. I was surprised that they would ask me so many questions about it. When I told them I did not know anything about it, I knew absolutely nothing about it, and the only way I could see why they should ask me so many questions, was because I had been in the Jenkins Overall factory, when I was on my way home.

Q. Did you think they were trying to implicate you in a knowledge of the theft?—A. That is what I thought. I know absolutely nothing about the theft of those papers.

Witness retired.

Mr. CALDER, K.C.: I will come back to the report in connection with the B. B. Glove Company, Mr. Chairman.

Hon. Mr. STEVENS: By the way, did Mr. Jenkins arrive on the noon train —Bissonnette, Moore, Marois and Jenkins?

Mr. CALDER, K.C.: Have they reported to you, Mr. Todd.

Mr. TODD: No sir.

Mr. CALDER, K.C. (Reading):

"B. B. GLOVE COMPANY LIMITED

This company was originally incorporated in 1917, and manufactures cotton gloves and mail bags.

On our preliminary examination of this company's books complete records or purchases and sales were said to be available. On 1st April, however, this company's factory and office were completely destroyed by fire, and as a consequence, only such records as were in the safe were available for our examination when we took up the detailed examination of the accounts. There were no sales or purchase invoices except of very recent date, and no ledger accounts except those in the current binder of which there were none prior to September, 1925. There were certain other records for 1926 only. It has, therefore, been impossible for us to get accurate information as to this company's purchases from United States exporters.

Sales for three years as shown by copies of Income Tax Returns were as follows:

1923	$79,854 00
1924	91,523 00
1925	65,591 46

The Company has an account with the Orleans Trust Company at Newport, Vt., and we have a statement for the year 1925 showing

deposits (apparently transfers from the Canadian Bank of Commerce at Beebe) aggregating $6,600, but only a very few of the cancelled bank cheques. The Orleans Trust Company decline to give us any information about their customer's affairs and we cannot, therefore, ascertain the names of the parties to whom the payments from this account were made.

Advices received by us from the Broadalbin Knitting Company of New York show that substantial shipments of goods were made to this company, none of which were prior to 1st December, 1924. The freight records at Newport, Vt. show shipments from the Broadalbin Knitting Company prior to 1st December, 1924. to C. J. Harrison at that point and none to this consignee after 1924.

We asked Mr. Davis, the Secretary of the Company, if prior to 1924 the company was purchasing goods from the Broadalbin Knitting Company or from C. J. Harrison, Newport, but he would make no definite statement.

The officials of the company supplied us with copies of income tax returns made by the company for five years past and the records of the Customs Department at Beebe show the company to have made regular sales tax returns.

The files of the Department (File 12309) show that in January, 1925, a seizure of this company's goods was made and the company paid a deposit of $1,012.50 which deposit was declared forfeited. There is also a report on the files of the Department dealing with the renting of a barn situated on the International Boundary Line on a farm near Beebe, Que."

The CHAIRMAN:

Mr. House, (Responds).
Mr. Bisaillon, (No response).
Mr. Moore, (No response).
Mr. Marois, (No response).
Mr. Jenkins, (No response).
Mr. Chapman, (No response).

LYMAN HOUSE called and sworn.

By Mr. Calder, K.C.:

Q. Mr. House, what are you in the B. B. Glove Company, Limited?—A. President and manager.

Q. You know of its affairs?—A. Practically all.

Q. In 1924, you were seized, and made a deposit of $1,012.50, which was forfeited?—A. Yes.

Q. You did not contest that seizure?—A. No.

Q. Naturally, we may take it for granted, it was well founded?—A. Yes.

Q. These goods had been smuggled?—A. Yes, sir.

Q. What was the process used in smuggling them? In the first place, did the goods come by rail, from the shipper?—A. They came by team, by highway.

Q. To your factory?—A. No, to the American storehouse.

Q. Where did the team lift them?—A. At Newport.

Q. Did the shipper consign them to Newport?—A. Yes.

Q. And they were teamed to a warehouse on the American side, close to the border?—A. Yes, sir.

Q. And were run over the line at night?—A. Part of them were, at night.

Q. How were the goods taken, carried?—A. At night, you said? Part in daytime and part at night.

The CHAIRMAN: Is that warehouse the barn that was mentioned?

Mr. CALDER, K.C.: I am coming to that.

By Mr. Calder, K.C.:

Q. Had that been going on for some time, at that time?—A. No, it had just about started.

Q. Has it been going on since?—A. No.

Q. Your concern has been smuggling goods, since?—A. There might be two or three, perhaps by parcel post, or something like that.

Q. Is that all?—A. Yes, as far as cloth, or anything in bulk being smuggled.

Q. As far as finished products are concerned?—A. Nothing at all.

Q. Nothing smuggled?—A. No.

Q. And no materials?—A. No materials.

Q. Of any kind whatever?—A. As I say, outside of three or four small things of which there is a record; outside of that there is nothing I can remember.

The CHAIRMAN: Slipped through the mail.

By Mr. Calder, K.C.:

Q. What do you deal in?—A. Gloves.

Q. Manufactured in Canada and United States?—A. In Canada.

Q. You manufacture them?—A. Yes sir.

Q. What are they made of?—A. Cotton.

Q. Cotton thread, or cotton piece goods?—A. Cotton woven and knit fabrics.

Q. Did you ever investigate the origin of the fire that occurred in your factory?—A. The adjusters did.

Q. What was the assigned cause?—A. Why, I lay it to a cigarette.

Q. Cigarettes, and rats eating matches, are the two standard causes of fires.

Mr. BELL: Do not forget defective wiring.

By Mr. Calder, K.C.:

Q. Yes, and defective wiring?—A. I just say what I laid it to.

Q. Where did the fire start?—A. On the second story.

Q. When were you advised of it?—A. I can't say as to that.

Q. Was the fire over when you heard of it?—A. Oh no, I was there when it got going.

Q. Tell me why was there so much objection to the auditors taking the books from the safe after the fire?—A. There was not any.

Q. Now, I am told by the auditors that somebody, I think yourself, vigourously protested against the records being taken from the fireproof safe; is that correct?—A. I don't think so, I don't know that. Who is the auditor? Mr. Pelling came down some time after the fire happened, I opened the safe and showed him what was in it.

Q. Was there any objection at first?—A. No, no objection whatever.

Q. No objection to taking the books?—A. He didn't ask to take them; just from the list.

Q. Was any objection taken to them doing that, later?—A. Mr. Todd called on me after that, and I took them up to him, all there was.

By the Chairman:

Q. Was your factory insured?—A. Yes.

Q. Were you paid by the insurance company?—A. Not yet.

By Mr. Calder, K.C.:

Q. What was the value of the factory?—A. I can't give it to you exactly.

Q. What were you paid for it by the insurance company?—A. They have not paid it yet.

Q. What did you claim from the insurance company?—A. I think the adjuster valued it at $5,600, for the building.

Q. If the goods sold by you in 1923, 1924 and 1925, were largely smuggled, the taxes payable on them would be very much more than $5,600, would it not?—A. I don't know.

Mr. CALDER, K.C.: I may say, in justice to Mr. House, that the auditors report to me that the objection was very slight, and may have been merely in order that the proper course would be followed, with the adjusters.

Mr. GOODISON: Had the adjuster been there before the auditor?

Mr. CALDER, K.C.: No.

By Mr. Calder, K.C.:

Q. Were all your records which you had in the safe before the fire?—A. Not everything, no; some of the old records were not in the safe; I think Mr. Davis was getting them in shape for the auditors.

Q. The invoices are all gone, are they not?—A. Yes.

Q. That is, invoices by shippers to you, of goods shipped to you?—A. Yes.

Q. And the invoices of goods you shipped out, those are all gone?—A. I expect they are, I can't remember. I know if they were not in the safe, they were totally destroyed. I can't remember what they were.

Q. Prior to December, 1924, Broadalbin Company were shipping to Newport, were they not?—A. I don't know.

Q. I mean shipping your goods to Newport?—A. Prior to 1924, not that I know of.

Q. Were you purchasing, at that time, from the Broadalbin Company?—A. We started, I think, in the fall of 1924.

Q. That is the first time you started to purchase from the Broadalbin Company?—A. Yes.

Q. You did not purchase from them before that?—A. Not that I remember of.

Q. You should remember, Mr. House. Were you doing business entirely on the Canadian side?—A. The factory, yes.

Q. You make a distinction. Had you any other establishment?—A. No.

Q. Warehouse?—A. No.

Q. Before the fire?—A. No.

Q. Between the seizure in 1924 and the commencement of this investigation?—A. No.

Q. Prior to the seizure, you had?—A. Yes.

Q. The records that are available here only go back to September, 1925; were the other records burnt? Were the others among what you would call "old records"?—A. No, there were a lot of recent records that Mr. Davis had sorted out and tied up by months to file them away; as he usually kept his records.

Q. Those were the ones he was getting ready?—A. Yes.

Q. Now, did you ever negotiate for a right-of-way with Mr. Allaire?—A. No.

Q. You know Mr. Allaire, do you not?—A. Yes. Not that I know of.

Q. He has a barn there, near the siding of the Boston & Maine Railroad, has he not?—A. Well, it is not very near, no.

Q. Will you look at the plan I am showing you now?—A. There is a siding runs up near his barn that belongs to the granite company.

By Hon. Mr. Stevens:

Q. Is that the old quarry?—A. Yes.

Q. Is it Wilkinson's quarry?—A. No, the Stanstead Granite Company.

By Mr. Calder, K.C.:

Q. Did you personally own a store in Beebe?—A. No.

Q. Is Lyman House a relative of yours?—A. That is me.

Q. Did you own a store there at one time?—A. Yes.

Q. That was used in smuggling operations?—A. No, I used to be in the store business.

Q. We were instructed this morning that a right-of-way had been arranged from a road in the United States to Mr. Allaire's barn, which just straddles the boundary; is that correct?—A. I beg your pardon.

Q. We have been told that you and a partner purchased or otherwise arranged for, a right-of-way from a road leading to North Derby, Vt., to a barn belonging to Mr. Allaire, which barn exactly straddles the line?—A. That has nothing to do with me whatever. That is the first I heard of it.

Q. You never used that?—A. Used the road?

Q. That right-of-way to Allaire's barn, did you use it?—A. I don't know what it is, I never heard of it; never tried to get one, in fact.

Q. I am reading from a report made by Mr. Kellert, to Mr. Bisaillon, dated November 24, 1924, as follows:

> "I beg to report this morning Officer H. A. Hebert and myself got acquainted with a young man named Allaire. His father has a farm adjoining the Beebe, Vt., post office, and his barn and garage are right back of the post office, and the entrance to the barn is hidden from view from the road. These premises are rented to the House B. B. Glove Company, and to Pocock Perfecto Overall Company."

A. That is in the fall of 1924?

Q. Yes.—A. That is right.

Q. That was correct, at that time?—A. Yes.

Q. A minute ago you told me you did not even know the existence of that barn?—A. Oh, no, the right-of-way is what you asked me about.

Q. Do you know of the existence of the right-of-way to the barn?—A. There is not any right-of-way from the main street.

Q. Is not there a road? Look at this plan which I now show you, in which "10-A" is the barn; "10" is Allaire's house; and there is this road leading from the point "V" which is a point to the north of Derby, Vt., leading to the barn. Do you know that road?—A. No.

Q. Do you know "13"?—A. No road like that, that I know of.

Q. Is there a path, track, or trail?—A. Not between the post office and barn. There was a shed; that is the place we used. That is the only way to get in, in this way.

Q. The shed would be at the point I have marked "10-A." You mean to say the shed is the barn marked "10-A"?—A. No, there is another building that you have not got there. There is a building attached to the back of the post office.

Q. On the Canadian or American side?—A. On the American side.

Q. Just about there, which I will mark with an "X"?—A. Yes.

Q. And that has not been used since?—A. That is not by me.

Q. Do you know who owns the farm now?—A. Mr. Allaire.

Q. As far as you know?—A. Yes, as far as I know.

Mr. CALDER, K.C.: I think I had better file this plan, Mr. Chairman; I am detaching it from file 11461 of the Customs and Excise Preventive Service, Rock Island Investigation. (*Exhibit No. 211.*)

Hon. Mr. STEVENS: There is a gentleman in the room I would like to call just for a moment, Mr. Cowan.

FRANCIS W. COWAN called and sworn.

By Hon. Mr. Stevens:

Q. Have you been in the room all afternoon?—A. No, I just came in a few minutes ago.

Q. Are you the Mr. Cowan who is employed in the Customs at Beebe Junction?—A. I was employed at Rock Island in 1914 and 1915.

Q. 1914 and 1915?—A. Yes.

Q. And do you know Mr. Brownlee?—A. Yes.

Q. Were you removed from the branch there?—A. I was transferred.

Q. How did you come to leave?—A. I was transferred from Rock Island to McCall, and McCall to Ottawa.

Q. And were you removed at your own request?—A. I was removed at my own request.

Q. I beg your pardon?—A. I was removed at my own request.

Q. From Rock Island?—A. Yes.

Q. What are you doing now?—A. I am Chief of the Narcotic Division of the Health Department.

Q. You did not hear Mr. Brownlee's statement, did you?—A. No, I was not here.

Q. Mr. Brownlee made a statement that is very complimentary to you, he said he had a very good officer on one occasion, associated with him, but that he had been removed from there because he was too active.—A. No. It is a small place and a Customs Officer that is active down there has not many friends. I had a wife and three children and we were practically isolated and my wife got tired of living down there and I asked the Commissioner to be removed or I would have to resign from the Service. It was at my own request after he had refused me two or three times.

By Mr. Calder, K.C.:

Q. Were you isolated as a result of your activities—A. Yes, you are not very popular down there if you are very active. We raised the revenue down there about a thousand per cent in about six months.

By Hon. Mr. Stevens:

Q. That is prior to 1924?—A. In 1914 and '15 there were three new officers sent down there, strange officers at the time, with instructions to clean up. We were very active there for a year and we made about three or four hundred seizures, closed up most of the factories at that time.

By the Chairman:

Q. Was there much smuggling down there?—A. Oh, yes.

Q. We are told the situation is fine, there is only petty smuggling.—A. There are a good many line factories, that the boundary line runs through. There is a creamery on the line there that churns in Canada if the price of butter is high and churns in the United States if butter is higher in the States.

They have their waxed paper and all their things that enter into the manufacture of butter, and that sort of thing, and they transfer these things in the factory from side to side. It is pretty hard to check up. There is a die and drill factory there that used to be run by Butterfields, the Union Twist Drill Company. The line used to run right through the building but they have built separate buildings since. At that time this building was in operation. There is an express company there, the line runs through the express company diagonally, half of it is in Canada and half in the United States. A man goes in there and you cannot tell whether he is getting his goods away from the Canadian express or the American express. There is a department store on the line, and there is a jewelery store on the line, you can go to either side and buy from the Canadian side or the American side.

By the Chairman:

Q. Even theatres like that?—A. There is a theatre on the line; there are private houses on the line.

Mr. CALDER, K.C.: It is a pity there is not a bar-room on the line.

The WITNESS: There are at least two bar-rooms on the line. There is one at Norton Mill, that is east of Rock Island and one at North Derby.

By Hon. Mr. Stevens:

Q. Mr. Cowan, you were not removed because of your activities but at your own request?—A. At my own request, yes.

By the Chairman:

Q. Have you got any suggestions to offer?—A. The situation down there is probably one of the most exceptional in all Canada. The railroad coming in from Beebe Junction—it is three miles from Beebe to Rock Island—the Boston and Maine, when we went down there I suppose ninety per cent of the freight came into Derby Line. When you reach Rock Island there is simply a little spur track divided, which is the width of the railway right of way, probably about four feet. You could lay the platform, which is about the width of this table, into the car on the Derby Line side in the United States and into the Canadian side at Rock Island. The freight sheds are just divided wide enough for two cars to come in. At that time the Canadian officers had not any right to check up goods in that shed. We were handicapped because we could not go over there and check this stuff that was sent to the American side. We took it up with the Department at Ottawa and through the intervention of the late John McDougall, who was Commissioner of Customs, we took it up with the Boston and Maine and they threatened to take away the bonded warehouse privileges in Canada unless they gave us facilities to go in there and check. We were then able to go and check everything that came in transit from Beebe to Derby Line. They kept changing their methods and later on they unloaded a lot of this stuff down at Newport and further east and that was carted up and hidden in barns all along on the American side and then trucked from there to the Canadian side. A lot of this stuff does not come by rail at all, and furthermore they send it to other firms. There is a Customs officer at Newport who is in the sheds there, he looks after the manifesting and bonding of stuff coming through, and because of his presence there they began to work farther down. If there was some way of forcing the factories doing business in Canada—because this stuff was all used in Canada, there was no question about that at all—to bond their stuff into Canada direct to a bonded warehouse. When we went there, there was not a bonded warehouse on the Canadian side. By advancing goods ten per cent—that is an arbitary way of doing business—we forced a lot of them to open up warehouses in Canada

so that the Customs had possession of these goods until they were cleared duty paid. A good many of them opened up these warehouses and others did not, they continued to pay ten per cent; I am not sure but that some of them do not pay that yet. That is ten per cent on the invoice value; we take the invoice price of goods taken from an American shed or warehouse, on the American side—taking the price at ten per cent of the invoice value, and make it twenty-five per cent and you will make it profitable to send all these goods to Canada when you could increase the invoice value of the goods by an arbitrary amount which would make it unprofitable to have these goods shipped there. There is another thing; the Boston and Maine Railroad officials at Rock Island and Derby Line—they are getting business from these firms—they are very sympathetic towards them and the sheds are open at night and books disappear and different carters are able to come and go there at all hours and it is a very, very difficult problem unless you get the men down there practically night and day.

Q. Is there any factory over in Derby Line, in the United States?—A. No, with the exception of the Union Twist Drill Company. They have a factory there for manufacturing dies and drills.

Q. That is not a factory site?—A. No, Derby Line is a small little place.

By Mr. Calder, K.C.:

Q. Could this be profitably done, from the experience you have gathered, could you profitably put a Customs Officer in each factory and have him supervise the stock so that each piece would be accounted for, there would be an accounting for each piece of goods as and when manufactured?—A. Well, it could be done but it would be very expensive.

Q. Don't you think if you raised the revenue one thousand percent by your activities— —A. Well, at that time there was smuggling of probably about three parts of what was coming in, it got practically to the peak.

Q. We have fairly good suspicions they are still doing it.—A. It lends itself to that sort of thing down there.

Q. It would prevent them smuggling into their own places anyway?—A. It would, but it would be rather expensive.

Q. If the expense was put upon them?—A. For instance, they clear a case of denims to-day, say a pattern with a white stripe. If they smuggle they will smuggle to-night and they will smuggle that pattern, so that when you go in to check the pattern all you have is a lot of webs with the yardage on them and you cannot identify them. If they pay duty on a khaki color, they smuggle a case of khaki color.

Q. If there was somebody there taking stock?—A. You would have to have a man there day and night and that would be rather expensive because, I suppose, in Rock Island there must be, all told, twenty or twenty-five different little factories, some of them are not very large.

Q. Some of them would go out of business if this process was adopted?—A. I am afraid they would because it is an out of the way place; this little place is isolated, no competitive freight rates there. If it was not that they had this advantage I do not think probably fifty percent of them would carry on business there, unless the older ones that are well established.

By the Chairman:

Q. Why did you ask to come back from Beebe?—A. I think I explained that. I was down there, I was a stranger there with my wife, and I had a little family growing up. We were rather active in Customs matters and my wife insisted ou my getting out of there.

Q. And you did not like to continue to work for Canada, to improve the system down there?—A. Oh, so far as—

Q. Because of it?—A. So far as the work was concerned there, I had not any objection to the work, but we have to consider our family affairs too. I worked down there night and day with the other officers. There was four or five and they were all active; they were new men sent down there.

By Mr. Bell:

Q. Is it possible, in your opinion, to form any comparative idea of the value of goods that come in by trucking; I mean in comparison with those that come in by railway?—A. It is pretty hard to say what proportion would come by truck, because those goods are hidden in barns and buildings on the American side and they are brought in at opportune times. I was in the room here, this morning, when some officer testified that the reason it was so difficult for him to catch these fellows was that they were watched. There is no doubt that every Customs officer is kept tab on night and day and it is at the opportune time that this stuff comes across. There are very few officers, comparatively speaking. When I was down there there was four—I believe there are six now. Now, the six officers, are not on duty all the time and when three of them are off and they happen to go away on a motor trip and there are only three around there, and probably only one man on duty, it is a simple matter to keep those three officers covered. They are all friendly disposed towards one another; you cannot get any person to give information. Even the little children there, if you saw a load going by and stopped and asked them where that had gone five minutes ago, they do not know; they won't tell and get other people into trouble. As long as they are down there it will be very difficult.

By the Chairman:

Q. You have to catch them on the spot?—A. Well, pretty much.

Witness discharged.

Mr. CALDER,, K.C.: I think there would be no useful object obtained by calling Mr. Davis.

The CHAIRMAN: No.

Mr. CALDER, K.C.: I ask that he be merely called and discharged. In the absence of the records we are largely at the mercy of this company.

Mr. DAVIS called.

Mr. CALDER, K.C.: We are calling you for the purpose of discharging you, Mr. Davis.

The CHAIRMAN: Mr. Davis, we do not need your evidence, you are discharged.

Witness discharged.

W. V. POAPS called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Poaps, the report of the J. B. Goodhue Company Limited reads as follows:

> "This company was organized about 1914, and is, at the present time, managed by Messrs. P. M. and W. V. Poaps, who are the principal shareholders. The records were well kept on a double entry system which were complete for the years 1924 and 1925; most of the records for 1923 being also available.

All goods received from United States exporters as shown by the books were accounted for and duty paid thereon. The company has made regular sales tax and income tax returns.

The files of the Department show that a seizure was made in 1912. There is no record of any seizure since that date."

Were you administering that company, Mr. Poaps, at the time that seizure was made?—A. No, Mr. Calder; we had nothing to do with that company at all.

Q. You took the company over afterwards?—A. Yes, about the beginning of 1914 we incorporated the company and bought it, and took it over.

Q. Will you tell us, whether at any time, you smuggled any goods in?—A. I have no recollection or record of any at all. There may have been one or two small things through the post office, that were carried through; I do not know.

Q. Did you smuggle for the purposes of your trade on a commercial basis? —A. Oh no, never; never at any time.

Q. I suppose you know that there is a great deal of smuggling going on?—A. Well, I guess we all know that.

Q. Have you any suggestions to offer to the committee as to how it may be stopped? I suppose those who do not smuggle are anxious that those who do should be stopped?—A. I think they are.

Q. Can you assist the committee by any information that you may have that will lead to a system of stopping the smuggling?—A. I have been down there for a number of years. When I first went down there, the smuggling seemed a strange thing to me, but after I was there for a while, I began to appreciate—

Q. The ease with which it could be done?—A. To appreciate the atmosphere in general, and the location, and how it went on. And also, I discovered that the best thing to do was to mind your own business, and keep your nose out of other people's affairs. Aside from that, I would like to give some expression of opinion of the people down there. I have found them the decentest, or among the most decent class of people that I ever lived among, and I have lived in a good many parts of Canada, and this smuggling seems to be the only—

Q. Sin?—A. Fault, in the whole community. Aside from that, as I say, they are the decentest class of people that anyone would want to live amongst. Now I also believe, or I have had them say to me, if everybody is put on an equal, fair and square basis, there, they would be glad of it. I said to some of them last night, I said, "What we need at Rock Island is to have everybody put on an equal, fair and square basis," and several of them spoke up and said "Yes"; and I am personally convinced that there is no question about that. Now, with regard to prevention; it is difficult to prevent it, but it is an important point, for that reason, and I have always felt that it should be stopped. I have always thought that it should be stopped.

Q. How?—A. Well, if necessary by more adequate measures being taken, and the means taken until they are successful in stopping it. Now, I don't know what it would cost to have people understand that everybody is going to be prevented, and treated alike, and that if they expected that there might be a review from time to time, I believe that it would not be very difficult to do.

Q. You seem to indicate that there has been discrimination between these people; that is, that all are not treated alike. What do you mean by that?—A. Well, I mean this; that so far as one can gain any information from rumour and that sort of thing, what is the common knowledge of the community, some people seem to have a better opportunity somehow or other, of carrying this on, than other people do. I would not want to state it on my authority, but I have felt and thought for some time that a number of people were smuggling down there, in self-protection.

Q. Smuggling, for self-protection?—A. Yes, that they were being driven out, or steadily down, financially, if they did not get something like that themselves.

Q. Because one or two smuggled and got a stranglehold on a certain business, say, the overall business, the other fellows thought they had to smuggle in order to have the same overhead, as it were?—A. You understand, Mr. Calder, that with quantities of merchandise coming through that are known to have come through for competition, that competition becomes keener and keener all the time, and the market is absorbed more and more by these contraband goods coming through.

Q. What do you manufacture?—A. Cotton working garments.

Mr. CALDER, K.C.: I think that is all.

Hon. Mr. STEVENS: I think it is a relief to have one man come here against whom we have no case of smuggling. I hope your example will be a salutary one to others.

Mr. CALDER, K.C.: I would like to point out to Mr. Goodison that Mr. Poaps is a lawyer.

Hon. Mr. STEVENS: That increases my surprise.

WITNESS: I wish to plead guilty to that. I wish to thank the Committee for the report of our company, and I would like to ask that if there is any publicity given to this, that something be done to keep our name right, because my brother and I have the average citizen's repugnance and distaste about being brought into an affair of this kind, and if there is an opportunity of clearing our name, I would like to have it done before the public.

Witness discharged.

Mr. CALDER, K.C.: The other Mr. Poaps may be discharged too.

The CHAIRMAN: Very well. We do not need your evidence, Mr. Poaps, and you are discharged.

(Mr. P. M. Poaps discharged).

Mr. CALDER, K.C.: I will now take up the James A. Gilmore Company. (Reads):

"JAMES A. GILMORE COMPANY

James A. Gilmore Company, a registered partnership, has been operated for approximately five years, the partners being

W. J. Gilmore,
H. F. Gilmore,
Mrs. R. Ethier.

The company manufacturers and sells overalls, combinations, pants and shirts, all of which are manufactured from cotton materials. The partners claim to have a company of similar name in Derby Line, Vt., but a search made in the town clerk's office at Derby Centre, Vt., has failed to disclose any registered partnerships or company bearing this name. The freight records, however, show goods received at Derby Line by James A. Gilmore Company.

The books and records produced to us were of a very limited character, covering only the recorded transactions of the partnership since 1st January, 1925. All accounting and other records prior to that date have admittedly been destroyed. As a consequence, we can only report the results of our investigation of this company's books for the year 1925, and certain other information obtained from our examination of the Boston & Maine freight records and from other independent sources.

Sales Records

Sales for the year ending 31st December, 1925, as shown by the duplicate sales invoices amounted to $76,320.62 which is approximately

the figure on which sales tax was paid. Tests made for three months in 1925, with remittances from customers indicate that the company may have made additional sales not shown by the records.

Purchases

The purchase records are very incomplete and unreliable as numerous invoices both from firms in Canada and the United States were found which were not entered but duty was paid on all invoices from United States vendors produced to us.

Owing to the system adopted by the company, in having goods shipped by United States vendors, to the Derby Line Company, we cannot say that we have seen original invoices from the vendors for all goods received in Canada.

We found evidence that not all the monies received from the customers of the company in payments to United States vendors for goods purchased paid for through that bank account. In the year 1925, some $12,000 collected from customers was not deposited with the Canadian Bank of Commerce, and the Messrs. Gilmore state that these were cashed by them in Derby Line, and the proceeds used for the following purposes:

Payments to United States vendors for goods on which duty was said to be paid	$ 1,363 00
Mortgage Repaid	1,000 00
Payments to the heirs of the Estate of the late J. A. Gilmore	1,300 00
Personal drawings of the Messrs. Gilmore.	1,800 00
Estimated funds used for the Radio business	5,000 00
Difference unexplained	2,337 00
	$12,800 00

We cannot, of course, verify any of the above figures owing to the manner in which collections and payments were said to be made. The Messrs. Gilmore state emphatically that the company had no other bank account than that in the Canadian Bank of Commerce at Rock Island.

Radio Business

Mr. W. J. Gilmore admitted that he had used $5,000 to purchase radio parts. The American Express Company records at Derby Line show numerous shipments of radio parts to Gilmore Brothers and the Gilmore Radio Company.

During the year 1925 duty and sales tax amounting to $328.39 were paid on radio parts which would represent goods of the value of approximately $1,000. If $5,000 of such goods had been purchased there is a difference of $4,000 not explained.

Dominion Income Taxes

No Income Tax Returns for any period of either the individual partners or the Company have been produced for our examination. The partners claim that the proper returns were made covering their income from the business on every return date, but that no copy of these returns was kept. It is difficult to understand how accurate tax returns could have been made from the records produced to us.

An examination of the Cash Book and cancelled cheques for the year 1925 show a large number of payments for insurance to Mr. J. F. Paquette, Customs Officer at Rock Island.

The files of the Department show that seizures were made in 1912 and 1924. In 1912 the company paid a deposit of $184.50 and in 1924 a deposit of $910, both of which were forfeited."

W. J. GILMORE called and sworn.

H. F. GILMORE called and sworn.

By Mr. Calder, K.C.:

(Mr. W. J. Gilmore answering).

Q. Mr. W. J. Gilmore, is Mrs Ethier a relative of either of you?—A. She is a sister.

Q. Are you the managing director, or the manager of this business?—A. No, I am the bookkeeper, I attend to the books.

Q. Tell us why wour books were destroyed, prior to 1925?—A. Our books are in the office, from the time of the inspection by Mr. Bisaillon.

Q. I beg your pardon?—A. Our books are in the office from the time of the inspection of Mr. Bisaillon.

Q. Why were the books previous to that destroyed?—A. Mr. Bisaillon went through the books, and he told us that he had no more use for them.

Q. But books are kept primarily for the use of the partners, not for the use of the state, that is only incidental?—A. We wanted to have a proper set of books. We put in a double entry set of books, and could not keep them.

Q. Suppose you had a double entry, and wanted to put in a better system for the future, why should you destroy the records of the past?—A. Well, we had not very much room.

Q. How much space would those documents occupy in your office. What were you keeping at that time, a day book?—A. No, sir.

Q. A journal?—A. No, sir.

Q. A ledger?—A. Yes, sir, a customers' ledger, a record of drafts, a purchase ledger, all the invoices, a pay roll book, a record of drafts.

Q. Those would not occupy much room, would they?—A. No.

Q. You would be in a bad position if some question arose as to payments prior to 1925, and you had no records. I put it to you now, were not those books destroyed because you had got off easy on the seizures, and that an investigation would have shown that your smuggling was more extensive?—A. No sir. We did not feel that way, we felt that we wanted to put in a better set of books.

Q. But putting in a better set of books does not imply destroying the set you already have; that would mean that every time there was a book-keeping improvement a firm would be justified in burning its prior records?—A. Mr. Bisaillon said that he had no further use for the other records; we had quite a lot of old records there, and we had no use for them, and destroyed them. We did not think they would be of any use to anyone.

Q. How much did you pay by way of fine or deposit, in 1924—$910?—A. Yes, sir.

Q. Your books were audited at that time?—A. Yes.

Q. By Mr. Bisaillon?—A. Yes.

Q. And that was all he found?—A. Yes.

By Mr. Bell:

Q. May I ask a question here. Did he suggest that those books he destroyed down to that point?—A. No, I do not think that he suggested that. He told us he had no further use for them.

By Mr. Calder, K.C.:

Q. Did he tell you you could destroy them?—A. He told us he had no further use for them.

Q. But did he tell you you could destroy them?—A. No, not definitely.

Q. Did he tell you that it would be a good idea if you did?—A. No, not definitely.

Q. At that time you were smuggling?—A. I think they found that we were.

Q. But you were, were you not?—A. Yes.

Q. It was not an unjust fining?—A. No.

Q. How long had that been going on?—A. There have been several registrations since 1910.

Q. In 1912 you were smuggling as well, were you not?—A. No.

Q. You paid a deposit in 1912?—A. But that had nothing to do with us, that was my father's business.

Q. That was during your father's time?—A. Yes.

Q. What were you dealing in at that time?—A. The same business.

Q. Radio?—A. Overalls.

Q. I thought you dealt also in radio?—A. In 1912?

Q. No, do you deal in overalls and in radio parts now?—A. Well, we got up a set we thought would sell on the Canadian market, and tried to work it out, and tried to work out of the overall business and into the radio business.

Q. Did you have a company called the James A. Gilmore Company on the American side?—A. No, sir.

Q. Why did you tell the auditors that you had?—A. I do not recall telling them any such thing. We have never been registered.

Q. Why are goods shipped by the James A. Gilmore Company at Derby Line?—A. Because the freight rates are less.

Q. How much less?—Mr. H. F. GILMORE: A. I think I can answer the question, because I investigated that. From some points it is less, and from others there is no difference; but I could not say the exact points.

Q. I am instructed that the freights are less only from distant points, Mr. H. F. Gilmore?—A. I could not say as to that. I took that up with the agent while there, and he gave me the information that it was less.

By Mr. Bell:

Q. Is there or is there not a substantial difference in the price of radio tubes in this country from the price in the United States?—A. Do you mean more on this side?

Q. Yes?—A. No, I do not think so.

Q. I have been informed that they cost something like six times in Canada as they do in the United States; can you tell me whether or not that is so? —Mr. H. F. GILMORE: A. I think that is wrong.

Q. Will you give me the comparative prices?—A. I could not say just now, because I think tubes have dropped on the other side a little, but I do not think there is over one dollar difference to-day.

Q. One dollar difference in what quantity?—A. In what quantity? Per tube.

Q. You do not think that is a substantial difference, then?—A. No, I would not call it so.

Q. Can you give us an idea of about how many you have been importing in the past year?—A. I could not. We have Customs entries for those.

Q. Give me a rough idea of the gross amount you have brought in, will you?—A. I could not. I could tell it by looking up our records.

Q. You must have some idea of it?—A. No, I have not.

By Hon. Mr. Stevens:

Q. One thousand, or five thousand?—A. No, our radio business is not that size.

By Mr. Bell:

Q. Give us if you like the most reasonable figure you can think of, that is, of the tubes you did bring in?—A. I could not. The Customs have a record of every one.

Q. A record compiled by whom?—A. When we paid the duty.

Q. Made by yourself?—A. We made the entry, and it was checked by the Customs.

Q. Why can you not tell me?—A. Because I cannot. We have never figured it up.

Q. You have no idea of the number you brought in this year?—A. No, I have not.

Q. Have you any idea of the number of sets you got up and disposed of? —A. I think we imported approximately 50, that is, 40 to 50.

Q. You supplied tubes to others?—A. We might have sold tubes to different customers.

Q. You know whether you did or not?—A. Well, we did. We did not keep them; we sold them.

Q. Well, have you any records, or do your books contain records that have been before the auditors showing the quantity of tubes you have imported?— A. They did not ask for them.

Q. That does not seem exactly a probability, to me?—A. Well, it is true.

Mr. BELL: We will ask Mr. Nash about that later on.

By Mr. Calder, K.C.:

Q. When you were speaking about the rates being lower to Derby Line than to Rock Island, will you state whether there has been a change of rates recently, or whether the rates at present, are subtantially those that have obtained for the last few years?—A. I would not say. The railroad has just changed hands, and I do not know what the new rates are.

Q. When did you receive the last shipment?—A. The last shipment?

Q. Yes?—A. You mean to Derby Line?

Q. Yes?—A. The second of this month, I think.

Q. Then you know what the rate was on the second of this month?—A. On that particular shipment, yes.

Q. Did you inquire how much it would cost you at Rock Island?—A. I did not, at that time.

Q. Have you been advised, at any time, that the policy of the railway was changed, and they have equal rates now?—A. No, sir, we have not.

Q. You have not been advised?—A. No.

Q. I want to quote to you a letter received from the agent of the Boston and Main Railroad at Rock Island, dated June 2nd, 1926, reading as follows:

"ROCK ISLAND, QUE., June 2, 1926.

CLARKSON, GORDON AND DILLWORTH,
House of Commons,
Ottawa, Ont.

Attention, C. H. Pelling

GENTLEMEN,—Referring to your request for rates on cotton piece goods in the original piece to Rock Island, Que. or Derby Line, Vt.

Would advise that the present rates are as follows:
From Boston, Mass., 74c. per 100 pounds,
from Winchedon, Mass., 71c. per 100 pounds,
from New York, N.Y., 78½c. per 100 pounds,
from Columbus, Georgia, 90c. per 100 pounds.

The above applies on shipments so packed and described as to take a second class rate.

The rate on Manufactured Clothing, rating at First Class Rate, to either Rock Island, Que. or Derby Line, Vt. at present would be,
From Boston, Mass., 87c. per 100 pounds,
from New York, N.Y., 90c per 100 pounds.

Yours truly,
(Signed) H. L. FULLER,
Agent.

Q. So the rates are the same?—A. That letter is June 2nd.

Q. Yet you assert that the rate was different all the time?—A. That was some time in 1925 when I enquired.

Q. The rate was different?—A. At that time, from different points it was.

Q. Will you tell us how much per hundred pounds it was from New York to Rock Island and from New York to Derby Line?—A. I can't tell you that.

Q. Where were you getting shipments from at that time?—A. From various places.

Q. Tell us one place; we will proceed with that.—A. During that time?

Q. Yes.—A. I don't know as I could. All we had, the Customs have a record of.

Q. I am not asking you that. I am asking you whether you can tell me of one place from which you were getting your goods in 1925?—A. I can't tell you offhand.

Q. I am asking you, out of all your customers, to name one place from which you got a particular shipment?—A. I could name the Delaine Cotton Mills, possibly.

Q. Where are they located?—A. New Orleans.

Q. You are not purposely selecting the furthest point away, are you?—A. No.

Q. Because we have been instructed by the railways that there is a difference from far points. What was the rate to Derby Line, per hundred pounds?—A. I can't tell you.

Q. To Rock Island; what was the rate per hundred pounds?—A. I can't tell you that.

By Hon. Mr. Stevens:

Q. You said a moment ago, Mr. Gilmore, or your brother, that you did not have a company of the name of James A. Gilmore Company a subsidiary or associate company, across the line? Is that right?—Mr. W. J. Gilmore: A. At Derby Line, yes, sir.

Q. You said a moment ago, you did not have, in Derby Line, a company called James A. Gilmore Company.—A. We did not have a registration, I should say.

Q. You are qualifying that now. You just said now, to Mr. Calder, quite clearly, positively, and emphatically, there was no such company at Derby Line; have not you just said that?—A. I suppose if there is no such company, there is no such company.

Q. That is not an answer to the question. Did you, or not, tell Mr. Calder there was no subsidiary or associate company known as the James Gilmore Company at Derby Line? That is a simple question. You have or have not?

It is a very simple question.—A. The only way I could answer is that we have no registration there.

By Mr. Bell:

Q. Have you a business under that name there?—A. No place of business, no.

By Hon. Mr. Stevens:

Q. Did you carry on business in Derby Line under the name of James A. Gilmore & Company?—A. We have no place of business, for we have no registration.

Q. Why did you bring your freight to Derby Line in the name of James A. Gilmore & Company, then?—A. Because we fetched it cheaper, at a cheaper rate.

Q. That is not an answer at all. Why did not you bring it there under your regular business name?—A. Because we do.

Q. You said a moment ago that you did not do business at Derby Line?—A. No, sir.

Q. You said you did not have any subsidiary company there?—A. I said we have no place of business there.

Q. You do do business there as James A. Gilmore and Company?—A. We received freight there, that is all.

Q. Where do you receive it?—A. At the station.

Q. At the— —A. At the Boston and Maine warehouse, or station.

Q. And you would truck it over to your factory?—A. We reported it at the customs, at the station, and put it in our warehouse.

Q. Where is your warehouse?—A. Our bonded warehouse; in the factory.

Q. In Rock Island?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. Have you a bank account in Derby Line?—A. No, sir.

Q. Not in your own name?—A. No, sir.

Q. Not in the name of James A. Gilmore & Company?—A. No, sir.

Q. In whose name have you got one?—A. Nobody's name.

Q. Did you ever have one?—A. Yes, sir.

Q. When?—A. Why, we used to do business with the National Bank at Derby Line.

Q. How long ago?—A. I can't say.

Q. Now, now, Mr. Gilmore; you cannot say how long ago?

The CHAIRMAN: About.

By Mr. Calder, K.C.:

Q. If you had not destroyed your records, you would be able to tell us the exact date?—A. Undoubtedly.

Q. When was it closed?—A. Well, I have to say I can't say.

Q. That is not good enough. We are not asking you for the exact date; tell us approximately.

By the Chairman:

Q. Three years ago, or one year ago?—A. Previously, we done business with them.

Q. When?—A. Several years ago.

By Mr. Calder, K.C.:

Q. How many? Before you opened the account with the Canadian Bank of Commerce?—A. Yes, sir, we had a loan from them previously.

Q. From the National Bank?—A. Yes, sir.

Q. You did business with them until the loan was repaid? Is that it? Using that bank as yours?—A. We paid up their loan, and then did business with the Canadian Bank of Commerce.

Q. You have not had two accounts that were current simultaneously?—A. Well, I can't say that definitely. There was probably a period there.

Q. How long a period?—A. I can't say.

Q. Why did you tell the auditors you never had a bank account there?—A. I told them that I didn't have a bank account there.

Q. That was just as close an answer as the answer you gave when you said that you did not have a business in Derby Line, was it not? Did not you mean them to understand that you never had had one?—A. I don't think so.

Hon. Mr. STEVENS: I think you are playing on words a great deal, Mr. Gilmore, in all your evidence; it will be far better to be frank.

By Mr. Calder, K.C.:

Q. Is it not a fact that you have had, until recently, an account in the National Bank, and you used it to pay United States sellers; in order to hide the amount you paid them? You are on your oath now, remember. Is not it a fact you have had this account for the purpose of paying United States firms who furnished you with goods?—A. I can't say.

Hon. Mr. STEVENS: But you could say.

Mr. CALDER, K.C.: I think it is time that this Committee took some action.

Hon. Mr. STEVENS: Absolutely. You can see, that is not an answer at all.

By the Chairman:

Q. When did you give the last cheque to the National Bank?—A. I can't say.

By Mr. Calder, K.C.:

Q. You have not had counsel's advice before shaping that answer?—A. Pardon.

Mr. CALDER, K.C.: Mr. Chairman, what will you do about this?

Mr. BELL: It cannot rest here, that is sure.

By Mr. Calder, K.C.:

Q. You will understand, Mr. Gilmore, that this is just as much a statement which you can be prosecuted for, as a statement that you would make in absolute denial. I want you to realize that if you have an account in the National Bank, and used it for the purpose of paying your United States customers; I put that question to you, and you answer that you cannot say; it is just as much perjury as if you denied it.—A. I told you I didn't have an account there.

Q. That is not the same question. (No answer.)

Mr. CALDER, K.C.: All right. It is up to the Committee to deal with the witness.

Mr. BELL: It is now our usual hour of adjournment; would it be of any value to suggest to this witness that he should take counsel with himself very carefully over to-night; because he may not find it as easy to deal with the situation in the morning.

Mr. CALDER, K.C.: That would be a good idea.

The CHAIRMAN: We are sitting to-night.

Mr. BELL: In two hours he can consider the matter.

By the Chairman:

Q. It is very simple to answer, Mr. Gilmore; when did you close your account with the First National Bank at Derby Line?—A. I can't say.

By Mr. Calder, K.C.:

Q. Will you do this, Mr. Gilmore; give us an order on the National Bank to produce the account?

By the Chairman:

Q. Have you any objection to it?

By Mr. Calder, K.C.:

Q. Have you any objection to giving us an order now on your bankers, the National Bank, to produce your account?—A. I said that I didn't have an account.

Q. To produce the account you had, at any time, and in any name.

Hon. Mr. STEVENS: It appears from the auditors' experience, they can order—I am not speaking of these two witnesses, but other companies—can order and then give instructions to the bank and the bank takes advantage of their position.

Mr. NASH: I know in some cases we have had an order on the American bank and the American bank has said to us that notwithstanding the order they declined to give us any information whatsoever about customers' affairs, copies of accounts, vouchers or any information whatsoever.

By Mr. Calder, K.C.:

Q. Where is the bank book?—W. J. GILMORE: A. I do not know, probably destroyed.

Hon. Mr. STEVENS: I think, probably, that is a very correct answer.

Mr. DOUCET: Are we going to be handled this way by witnesses?

Mr. CALDER, K.C.: I know what a judge would do in similar circumstances, he would order the witness into jail for reflection purposes.

Mr. BELL: The specific question that you put to the witness and in respect of which you stated he was in contempt, would you be good enough to repeat that to him just before adjournment, so that there may be no misunderstanding about what he is going to be called on to answer when we reassemble.

By Mr. Calder, K.C.:

Q. The question I asked you, Mr. Gilmore, is this: Is it not a fact that you used the American bank account to settle with the United States firms that furnished you with goods; what is your answer?—W. J. GILMORE: A. You told me to think on that.

Mr. CALDER, K.C.: Yes, you want to think; all right.

Witnesses retired.

The Committee adjourned till 7.30 p.m.

NOTE.—Evidence taken after 7.30 will appear in the next number.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 60—THURSDAY, JUNE 3, 1926 (EVENING SITTING)

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. H. S. Pocock, Perfecto Manufacturing Co., Beebe, Que.

Mr. George Boisvert, Rock Island Overall Co., Beebe, Que.

Mr. J. H. Gauthier, R. & G. Manufacturing Co., Rock Island, Que.

Mr. H. G. Duncalfe, R & G. Manufacturing Co., Rock Island, Que.

Mr. D. J. Sandilands, Reliable Garments Ltd., Rock Island, Que.

Mr. O. F. Ticehurst, President, Stanstead Manufacturing Co., Stanstead, Que.

Mr. W. F. Pike, Standard Manufacturing Co., Rock Island, Que.

Mr. S. B. Telford, Telford Bros., Rock Island, Que.

Mr. A. E. Nash, Clarkson, Gordon & Dilworth, Toronto.

OTTAWA
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PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1926

MINUTES OF PROCEEDINGS

THURSDAY, June 3, 1926.

The Committee resumed at 7.30 p.m.

At Mr. Calder's request, *Resolved*,—That examination of Messrs. Gilmore, of James A. Gilmore, Rock Island, Que., be suspended to allow them to confer with the Auditors to the Committee.

The following witnesses were called, sworn and examined.

Mr. H. S. Pocock, Perfecto Manufacturing Co., Beebe, Que. Witness retired.

Mr. George Boisvert, Rock Island Overall Company, Rock Island, Que. Witness retired.

Mr. J. H. Gauthier, R. & G. Manufacturing Co., Rock Island, Que. Witness discharged.

Mr. H. G. Duncalfe, R. & G. Manufacturing Co., Rock Island, Que. Witness discharged.

Mr. D. J. Sandilands, Reliable Garments, Ltd., Rock Island, Que. Witness retired.

Mr. O. F. Ticehurst, President, Standstead Manufacturing Co., Stanstead, Que. Witness discharged.

Mr. W. F. Pike, Standard Manufacturing Co., Rock Island, Que. Mr. D. P. Gillmor, counsel for witness, asked for protection of the witness, which was granted. Witness retired.

Mr. S. B. Telford, Telford Brothers, Rock Island, Que. During his examination witness was asked if he would open his warehouse in Derby Line for inspection by the auditors. He refused to do so, and having been asked the same question several times, the witness still refused to comply and being ordered to do so again refused. The Chairman then warned him that if he continued to refuse, his conduct would be reported to the House. He was then ordered to attend the Committee to-morrow morning and advised to reconsider his attitude towards the Committee. Witness retired.

Mr. A. E. Nash, Messrs. Clarkson, Gordon & Dilworth, chartered accountants, Toronto. Witness retired.

Moved by Hon. Mr. Stevens,—That the following witnesses be summoned for examination before this Committee for Tuesday, June 8, 1926, viz.:—

Robert Burgess, 470 Sherbrooke street west, Montreal, Que.

Mr. Meredith, Canadian Johns-Manville Co., Front street, east, Toronto, Ont.,

who shall be required to produce all documents in connection with their relationship to the John W. Gaunt Ltd., and Mr. John W. Gaunt. Motion agreed to.

Moved by Mr. Goodison,—That E. G. Bithell, Rock Island Overall Co., Rock Island, Que., be called to appear and produce before the Committee on Tuesday next the bank statements, deposit slips and cancelled cheques for the year 1924 of the bank account of the Rock Island Overall Co. in the National Bank, Derby Line, Vt. Motion agreed to.

The Committee adjourned until to-morrow at 11 a.m.

WALTER TODD
Clerk of the Committee.

MINUTES OF EVIDENCE

(EVENING SITTING)

June 3, 1926.

The Committee resumed at 7.30 p.m., the Chairman, Mr. Mercier, presiding.

Mr. CALDER, K.C.: During the supper recess, the gentlemen who were on the stand at adjournment, Messrs. Gilmore, made a certain statement to me, explaining the state of affairs on the other side of the line. I can state, upon my responsibility as counsel, that if these statements are correct then there is a reason—though not a public one—for withholding the disclosures on the part of the witnesses. However, it is possible for them, by supplying the same facts to the auditors, to fully clean up the situation as far as the Customs authorities are concerned. I would suggest that the examination of these two gentlemen be suspended on the condition that over the week end they satisfy the auditors on the point raised, and also myself, by making accessible to us those records which were not disclosed.

Hon. Mr. STEVENS: With original information?

Mr. CALDER, K.C.: With original information. If that condition is fullfilled to the satisfaction of the auditors and myself, we will report to the Committee that it be incorporated in a supplementary report which will be filed not later than Tuesday.

Hon. Mr. STEVENS: Of course, we understand this is only on the point at issue at the moment of adjournment and does not affect the rest of the examination.

Mr. CALDER, K.C.: Exactly, it is only on that point.

Hon. Mr. STEVENS: Well, Mr. Chairman, I think that is reasonable. We ought to give them an opportunity and I would suggest, or move if necessary, that their further examination be suspended pending this conference with the auditors and the counsel of the Committee.

Mr. CALDER, K.C.: Messrs. Gilmore, you had better report to Mr. Nash and he will make clear to you what he wants that will be supplied to me over the week-end.

Mr. BELL: Just a moment; before they go, I would further like to have them put themselves in the position to tell this Committee, when they return on Tuesday, of the volume of business they have done in connection with these radio tubes and accessories. I do not mean upon those things that have gone through the Customs; I mean those that they have handled, all of them.

Mr. CALDER, K.C.: Yes.

Mr. BELL: They can get that information and there is no reason why it should not be here the first of the week.

Mr. CALDER, K.C.: The next company is the Globe Suspender Company and the Eastern Apparel Company, in which Mr. Marois is interested. I do not think Mr. Marois replied to the call.

Hon. Mr. STEVENS: Go out and see if he is outside and if he is not there we will go on with another.

Mr. Marois was called and did not respond.

Mr. CALDER, K.C.: (Reads).

"GLOBE SUSPENDER COMPANY AND EASTERN APPAREL COMPANY

The Globe Suspender Company is now the Eastern Apparel Company, the proprietor being C. J. Marois who purchased the business from Edward Hope in November 1925. He states that the books of the old company, the Globe Suspender Company were destroyed by the former proprietor when the business was sold. The new Company, the Eastern Apparel Company has done very little business, the total sales to March 9, 1926, being about $500.

An examination of the freight records shows the Globe Suspender Company to have received goods from United States vendors to Derby Line, Vt. in the years 1923, 1924 and 1925 although the amounts received are small. During the same period the Globe Suspender Company of Rock Island passed twenty-six entries through the Customs Department.

We think it only proper to call your attention to an affidavit dated March 25, 1925 of C. J. Marois."

The CHAIRMAN: Which is already filed as an exhibit?

Mr. CALDER, K.C.: Oh, yes, that affidavit was filed.

The CHAIRMAN: As exhibit No. 210.

Mr. CALDER, K.C.: Mr. Marois not being here, I pass on to the next. Mr. Pocock will be interested in that. I think those people that have defaulted should be reported to the House for action. Will you call Mr. Pocock?

Hon. Mr. STEVENS: I would like to ask Mr. Nash a question. Is the New England Apparel Company, mentioned on page 10 of this report, and in the report on the Globe Suspender Company, the concern located in Derby Line, which receives large quantities of goods from firms in the United States and shows no record as to where they are distributed?

Mr. NASH: Yes.

Hon. Mr. STEVENS: And which it is suspected are sent into Canada without reporting to the Customs?

Mr. NASH: Yes, the same company; the same company, so far as we know.

Mr. CALDER, K.C.: (Reads):

"THE PERFECTO MANUFACTURING COMPANY, BEEBE, QUE.

This Company has been in operation since 1912. The present proprietor, Mr. H. S. Pocock being the sole owner since 1918. They manufacture and sell principally overalls, pants and combinations, from denims or other cotton goods.

Records for 1924 and 1925 were produced to us, with the exception of cancelled bank cheques for five months, which Mr. Pocock explains were destroyed through a misunderstanding of instructions by his stenographer. Practically no records were available prior to 1924. The books for 1924 and 1925 were kept on single entry system and agree substantially with the annual income tax returns made by the company.

"Sales Records.

Sales as shown by the records produced were as follows:

1923—$51,452.
1924— 54,056.
1925— 69,121.

Letters received by us from customers of the company, however, show sales of about $2,900 not recorded in the books. Mr. Pocock offered

us no satisfactory explanation in this connection beyond saying that he did not believe the invoices existed or they would appear on the books. He states positively that no other records were kept by him or the Company.

We checked the purchase accounts and invoices, compared them with the custom and freight records and found them to be in agreement, duty having been paid on all imports with the exception of twenty-one parcels of buttons from the Patent Button Company, Waterbury, Conn., which, according to their statement were shipped by parcel post. No entries for these invoices or payment for the goods are shown in the Company's records, and no duty has been paid on them. The value of these shipments was not given by the Patent Button Company.

Mr. Pocock stated that at one time he kept an account in the Orleans Trust Company, Newport, Vt., but would neither admit nor deny that this account had been used to pay for American goods intended to be smuggled into Canada. He declined to give us details of this account and showed us a letter from the Trust Company stating that neither he nor his company had an account with the Trust Company at the present time nor for some time past. The Orleans Trust Company has declined to give us any information in respect to any of the business of its customers.

The files of the Department (Nos. 80110 and 123240) show that seizures of goods were made in 1912 and 1924, deposits of $226.07 and $1,325 respectively being forfeited. Shortly after the 1924 seizure a substantial shipment of goods was cleared through Customs, and Mr. Pocock explains that this shipment consisted of all the goods which he had at that time in his warehouse on the United States side of the border. He states that this warehouse is not now being used by him except for use in storing his automobile."

H. S. Pocock called and sworn.

By Mr. Calder, K.C.:

Q. Where are the records referred to in this report that I have read to you?—A. I explained what became of those. In 1924, I had my sales tax checked up, and they found an error—I cannot say just what year it was in, but it was the time when it was changed from one per cent to two per cent, and when the auditor was checking this over, he found that there was about three months that I charged one per cent, instead of two per cent, and I did not know that the tax had been changed; I supposed that it was one per cent, the same as it had been. At that time we were adding it to the bottom of the invoice, and I charged my customers that one per cent, and when he came around, and checked me up, he found that error, and I paid the government the difference. I forget just how much it was, and after that I was told that I was foolish to have my records back so far; that if I had not had them back as far as that, they would not have run across that.

Q. So you decided to destroy your records from two years to two years? Was that it?—A. In this way: I thought that it was up to the Department to correct me when I made these monthly returns each month. I thought it was up to the sales tax department to check me the first month, and would put myself right. However, they didn't do it, and I paid the full amount. I couldn't get any reports on it. Of course, I admitted I was wrong, but on the other hand, the Department was wrong in not notifying me about charging the right tax.

Q. The object in destroying the records then was in order to prevent any back investigations; was that it?—A. Yes, it was. I was told, and I think I told you that, Mr. Nash, when you went down there.

Q. You must remember that in the government house there are many mansions, and that besides the sales tax department there is the Customs Department, which is interested at this moment, and would like to have those records. It is a matter of criminal law regulation, that you must keep your records and not destroy them.

Mr. BELL: Did he say when the destruction of these books took place?

Mr. CALDER, K.C.: In 1924.

Mr. BELL: But more particularly; in spring, summer, or when?

By Mr. Calder, K.C.:

Q. On what date were they destroked, back from January 1, 1924?—A. I cannot say as to that.

Q. Can you tell us what was the value of the buttons that were not declared through the Customs—A. No, I cannot.

Q. Not even approximately—A. Well, they would not amount to very much. I know it was just small amounts that would be, perhaps, if we run out of a certain line of buttons. We might order something to keep us going until we would get a freight shipment in.

Q. So you have no record of amounts?—A. I have no record whatever of them.

Q. Was that before 1924?—A. It might have been some before. I think you have the records of those.

Q. Why did you keep an account in the Orleans Trust Company, Newport? —A. Well, I suppose I did it for the purpose of—

Q. Paying your American creditors?—A. Yes, paying for my American goods, and my personal account.

Q. What did you do, purchase drafts through the Orleans Trust Company, or were you doing your actual banking there?—A. Oh, no, I did my banking with the Canadian Bank of Commerce.

Q. What were you using the Orleans Trust Company for?—A. Well, for different things. I kept my own personal account, and I no doubt paid for some American goods through that bank.

Q. Were the American goods which you paid by cheque or draft through the Orleans Trust Company, goods on which duty was not paid?—A. Well, not in all cases, no.

Q. In some cases?—A. In some cases.

Q. Over and above te goods that were seized, and for which you made deposits in 1912 and 1924?—A. Well, I don't know as to that.

Q. Are you prepared to furnish that account to the accountants investigating this matter?—A. Well, I don't know as I am.

Q. If you are not prepared to furnish us with the details of the Orleans Trust Company's account, we must press you to tell us what you used it for, and to what extent, and for what amounts you paid creditors in the United States for goods that did not pay duty?—A. (No audible answer).

By the Chairman:

Q. You had better tell the truth, because we can imagine that you paid more than you really did?—A. Well, as I say, as I explained to the auditors when they were there, after that settlement in 1924, I made up my mind then that I was through, and anything back of that, why, as I understood, it was cleaned up by that settlement in 1924.

By Mr. Calder, K.C.:

Q. That is a big error you have made, because I think the government of Canada still has a claim against you for what they did not discover at the time. Was the Orleans Trust Company used after the seizure in 1924?—A. Not very long; I cannot say just when.

Q. Is it being used yet?—A. No, it is not.

Q. Quite sure of that?—A. I am positive.

Q. When was the last cheque issued upon it, and when was it closed out?—A. I cannot say.

Q. Is it closed out?—A. It is closed out.

By Hon. Mr. Stevens:

Q. Is that within the last month?—A. No.

Q. When?—A. Before this commission was. I cannot say. I cannot remember.

By the Chairman:

Q. In December?—A. I cannot remember; I cannot say.

By Hon. Mr. Stevens:

Q. Have you done any business there in the last three months?—A. No.

Q. Are you positive? You swear that?—A. What is this, June?

Q. This the third day of June. Have you done any business there in March, April or May?—A. April and May—I am almost positive,—I couldn't take my oath—I don't know.

By Mr. Calder, K.C.:

Q. Have you done any business in 1926 through that account this year, since the first of January?—A. I cannot say, I am sure.

Mr. GOODISON: Has he a bank book?

By Mr. Calder, K.C.:

Q. Have you a bank book for the Orleans Trust Company?—A. No, they don't have a bank book. It is statements they have.

Q. Have you their statements?—A. No, I have not.

Q. If you have not smuggled since 1924, what possible objection can you have to giving the auditors investigating for the committee communication of that account? If there is a good reason, there is no reason why you should not state it. State it reasonably, and if it is a plausible and human reason, this committee will listen to it.—A. Well, I don't say that I have not smuggled since 1924, but I do say that in that investigation I made up my mind then that I was going to cut it out.

Q. You mean you have made up your mind since the investigation started?—A. No, I have not; it was long before that.

Q. You were seized in October, 1924. That is correct, is it not?—A. Yes.

Q. Now you say you have not smuggled since 1924, or rather you said you will not say you did not.—A. Well now, I say some small things, but it is pretty hard for anyone living down there on the border to say they have not smuggled.

Hon. Mr. STEVENS: That seems rather queer, yes.

The WITNESS: Well, it is a fact.

By Mr. Calder, K.C.:

Q. But we are interested in smuggling of commercial size. Now I venture to say you would not use the Orleans Trust Company to go over to the other

side and get a tire and bring it back. If you were not smuggling on a commercial scale, what possible objection could you have to giving communication to Mr. Nash or his assistants, of your bank account there?—A. Well, I have not given it perhaps thought enough, to give you an answer just now.

Hon. Mr. STEVENS: This is a good time to think, Mr. Pocock.

By Mr. Calder, K.C.:

Q. Supposing you think now, and undertake to give those records over the week-end?—A. I do not want to pledge myself that I will give those records.

Q. Why not?—A. I don't know.

Q. What?—A. I don't know just how they stand.

By Mr. Bell:

Q. I did not hear your answer.—A. I would like to look over them myself. I have not looked into them.

Q. Do you mean to say the request of the auditors for information did not even invoke enough interest on your part to consult your records and see what they showed? What is your answer to that?—A. Well, I say I have not looked back because that account is closed out, and it has been closed out for some time.

Q. The auditors asked information about it, did they not?—A. They did.

Q. And you were not sufficiently interested then to see what it disclosed?—A. Well, I did not. I should have been, perhaps, but I did not.

Q. There is no "perhaps". You are swearing that you did not?—A. I am swearing that I don't know; that I did not look up the records since the—yes, since the auditors was down there.

Q. Did you expect to receive very much consideration at the hands of this committee if you treated their auditors in that fashion?—A. Well, they did not force me a whole lot for it. I produced this letter.

Hon. Mr. STEVENS: How could they force you?

By Mr. Calder, K.C.:

Q. What letter?—A. A letter from the Orleans Trust Company.

Q. To what effect?—A. That I had not an account there, and have not had for some time.

Q. I am instructed by the auditors that they were deceived by that into thinking that your account there had been closed for a considerable time, namely, a year, and you said that you made certain transactions through that account in 1926.

By the Chairman:

Q. Have you any money in that Trust Company?—A. No.

Q. Not a cent?—A. Not a cent.

By Mr. Calder, K.C.:

Q. Is it not a fact, Mr. Pocock, that you have used this bank account in the United States to make remittances during 1925 to American firms supplying you with goods? And that you had that account in the United States for the purpose of hiding from the Customs the quantity that you bought?—A. Yes.

Q. That is a fact?—A. Well, you said in 1925?

Q. Yes.—A. Well, I don't—I cannot——

Q. Now, come, you say you cannot say, but you know very well, Mr. Pocock, please play fair with the committee.—A. As I say, I am not familiar enough with the records to make that statement.

Q. Well now, you know Mr. Pocock, whether or not you paid your United States creditors, supplying you with goods, through that account or not? You

know that, in the first place. Nobody knows it better than you do. You know that even better than the bank. You also know why you used that bank in that way. Now please tell us.—A. Well, no doubt I did. I have made some—perhaps there was that stuff that came in by parcel post that might have been paid in that way.

Q. Is that all?—A. Well, I say I cannot say. I cannot say because I don't remember whether it is or not.

Q. You could remember very easily if you brought your account here, and spread it before us. You could say what such and such a payment was made for. How do you pay from that Orleans Trust Company, by cheques?—A. Yes.

Q. Where are the cheques? Do you withdraw them at the end of the month?—A. Yes.

Q. Take them to your business office?—A. No, I don't think so.

Q. I do not hear you.—A. No, they have not been taken there.

Q. Where were they put?—A. They were kept on the American side of the line.

Q. Why?—A. Well, for a purpose I suppose.

Q. Exactly; for a purpose; but what purpose?—A. Well, I will admit that I have—I did more or less smuggling up to 1924, there, and I made that settlement in 1924.

Q. And what about 1925?—A. Well, I am not prepared—that is, I cannot—as I recall it now, I cannot say that I have smuggled anything in 1925; nothing to amount to anything.

Q. In that case, why not give Mr. Nash the records, because they will establish the fact beyond a doubt. If we do not get those records, you will walk out of this room a man under grave suspicion. You produce the records, and you justify that what you have paid for has also paid duty, you will walk out completely exonerated, except for what happened in 1924. Why not embrace that advantage if you are right?

Mr. BELL: And there may be more than grave suspicion.

Mr. CALDER, K.C.: Yes. Well, there appears to be a community of tactics between the various firms interested.

Mr. BELL: Will you ask the witness, Mr. Calder, to say straight whether he declines to furnish that information, so that we may know positively where he proposes to stand.

The WITNESS: How long a time would you want that I should—that I have got to make the statement—have I got to state now?

By the Chairman:

Q. If you cannot get all the information at present, you can give it to the auditor, Mr. Nash. Be sincere and answer.—A. Well, yes, I will do that, certainly.

By Mr. Calder, K.C.:

Q. How did you deposit in the Orleans Trust Company; did you carry the cash over or draw from the Canadian bank?—A. Well, different ways.

Q. Did you cash your customers' cheques through the Orleans Trust Company?—A. Occasionally.

Q. In 1925?—A. Well, I don't remember that I did in 1925.

By Hon. Mr. Stevens:

Q. Mr. Pocock, you do not want us to believe all these "I cannot remember"? They are incredible. You surely know what you did in 1925, not in every detail, but generally.—A. No, I don't. I cannot remember all I did in 1925.

Q. I did not ask you that. I say I do not expect you to remember all you did, but I say you do remember the general terms of your business in 1925; there is no question of that. Now tell us frankly. Answer Mr. Calder's questions frankly.—A. Well, possibly I took some cheques, some Customs' cheques over there, in 1925.

By Mr. Calder, K.C.:

Q. I beg your pardon?—A. No doubt I took some of my Customs' cheques over there in 1925.

Q. You also paid the firms in the United States, furnishing you with goods in 1925, through the Orleans Company, did you not?—A. As I said before, there were some of those small parcel post shipments, and some others; I do not remember. The bank accounts will show that. I produced those.

Q. Is it not a fact that you continued smuggling until the Customs Act made smuggling punishable by imprisonment, and that you stopped then?—A. I might have done some before that, in 1925.

Q. You might, but did you?—A. Yes, I cannot say I did not.

Q. You did smuggling on a commercial scale up to that moment?—A. It was a very small commercial scale.

Q. In 1924, when you were actually smuggling, as you admit, did you smuggle by motor transport. What was the method you adopted at that time? —A. Different ways.

Q. What different ways?—A. I might do it by a car, an automobile.

Q. Receiving your goods where, at Derby Line?—A. No.

Q. At Newport?—A. Yes.

Q. You were smuggling from Newport into Canada?—A. Into Canada.

Q. By motor?—A. Yes, sir.

Q. Was there any other way?—A. Occasionally we had some come up in a team.

Q. From Newport?—A. From Newport.

Q. Was there any other point of shipment besides Newport?—A. None.

Q. The warehouse which you used for storing your car is about 25 feet from your factory, on the boundary line?—A. Yes.

Q. Do you share that warehouse with anybody else?—A. No.

Q. Not even for the purpose of storing cars?—A. No.

Q. Well now, coming back to the question whether you will or will not furnish Mr. Nash with your records of the Orleans Trust Company to date, will you do that?—A. Yes, I will.

Q. When complete, a copy of accounts, vouchers and deposits?—A. I cannot do that.

Q. Why?—A. We have not got them.

Q. You have not got the deposit slips at the Orleans Trust Company?—A. I have not got them. They might have them.

Q. You can get those from them, Mr. Pocock, if you really want to? (No answer.)

Hon. Mr. STEVENS: Let us make it clear, Mr. Calder, that this condition you are suggesting does not consist merely of one of those perfectly useless and senseless orders, but that the witness himself, who controls the accounts, shall procure the records and supply them?

Mr. CALDER, K.C.: Yes, that is correct.

By Hon. Mr. Stevens:

Q. That is the question, put very clearly. Will you undertake that, Mr. Pocock?—A. I will.

By Mr. Calder, K.C.:

Q. You understand that if you do not do that, you are in contempt of this Committee?—A. Yes.

Mr. DOUCET: When, how soon?

Mr. CALDER, K.C.: By Saturday or Monday?

Mr. NASH: I will have a man go right down and get them.

Hon. Mr. STEVENS: He can go down to-morrow?

Mr. NASH: Yes, he will go down to-morrow by the three o'clock train from here.

Hon. Mr. STEVENS: Anything else from this witness?

Mr. CALDER, K.C.: That is all from Mr. Pocock.

By Mr. Bell:

Q. Before you leave the stand, temporarily, witness, I would like to know in what month it was that that destruction of the records took place in 1924?—A. I cannot say.

Q. But you must have some idea?—A. I do not remember just when the audit was.

Q. Let me assist you in this way; you said it came partly at least as a suggestion that it would help you in regard to your sales tax, did it not?—A. Yes.

Q. When did that occur?—A. I think that was in September, if I am not mistaken.

Q. Am I not correct in understanding from you that these books and documents were destroyed before the seizure occurred in 1924?—A. No.

Q. Was it after the seizure, then?—A. The seizure was in October, was it not?

Q. I think so?—A. The auditor was down there about the same time that the customs officers were there.

Q. Does that mean that at the time the seizure took place, your records were already destroyed?—A. No, they were not destroyed then.

Q. What?—A. They were not destroyed then. They were destroyed in October, but it was shortly after—let me get this right.

Q. Take your time?—A. It was after the seizure was made in 1924.

Q. That the destruction of the records took place?—A. Yes.

Q. Was that also in the month of October?—A. It was shortly after the auditors were there for customs purposes.

Q. That is what I wanted to know? (No answer.)

By Mr. Calder, K.C.:

Q. There is another question I would like to ask, about this amount of sales which is not recorded in the books, of $2,900?—A. I do not know as to that, I am sure.

Q. What?—A. I do not know as to that. I supposed everything was on my books.

Q. Did you collect money in cash through the Orleans Trust which would explain the $2,900?—A. Possibly it would.

Q. That is to say, you collected money and cash which would explain the $2,900?—A. Yes.

Q. And those accounts, consequently never paid sales tax?—A. No.

Q. It was intended that they never should?—A. Yes.

Q. That is only what the auditors found. Is there any more?—A. Not to my knowledge.

Q. You were ignorant even of this $2,900 at one time; would your books, before 1924 record your transactions that originated by smuggling goods, if they were in existence now?—A. No. I think Mr. Laing checked my books up down there, and he kept 1923.

Q. Did he check 1924?—A. Yes, he checked 1924.

Mr. CALDER, K.C.: That is all.

The CHAIRMAN: You will see the auditors now. You are not discharged, you are released only.

Witness retired.

Mr. CALDER, K.C.: The next company is the Peerless Overall Company.

Hon. Mr. STEVENS: They are not here, I understand. Alfred Bissonnet and Allen J. Moore, of the Peerless Overall Company, Rock Island, Que., failed to respond when called as witnesses for the third time. They did not answer to their names.

Mr. DOUCET: The same thing applies to C. J. Marois?

Hon. Mr. STEVENS: That has been recorded already.

Mr. CALDER, K.C.: The next company is the Peerless Overall Company. Neither Mr. Moore or Mr. Bissonnet has answered the summons, as has been stated before. (Reads).

"PEERLESS OVERALL COMPANY

"This company has produced no books except for the year 1926 which books the company's officials stated in evidence were written up from another set of books which were destroyed. The only records, therefore, available to us for 1924 and 1925 were Canadian Customs records, and the freight records of the Boston & Maine Railway.

"The officials of the company claim that a registered company in the United States called 'Peerless Overall Company' purchased from United States vendors goods to be delivered at Derby Line, Vt., and that the Canadian company then imported these goods under invoices from that company. As these shipments were broken, we could not make a comparison of the goods sold to this company by United States vendors as shown in their letters and statements to us with the goods imported by the company, and cleared for Customs.

"The 1926 books show that some $46,000 bills and accounts receivable were owing to the company from its customers at 1st January, 1926, and from this it is evident that the operations of the company were fairly extensive. It has not been possible by an analysis of the freight and duty records to build up what the total purchases of the company were. The estimated value for duty of goods passed through Customs for the three years ended 31st March, 1926, according to the Customs records at Rock Island, amount to some $13,000.

"The files of the Department (Files 80110 and 122682) show seizures made in 1912 and 1924 and deposits of $627.50 and $476.12 respectively forfeited."

A. E. NASH recalled.

By Hon. Mr. Stevens:

Q. I would like to ask you one question, Mr. Nash. I will read this clause to you.

"The estimated value for duty of goods passed through Customs for the three years ended 31st March, 1926, according to the Customs records at Rock Island amounted to some $13,000."

By that, you mean that was the total value of the goods shown as passed through the Canadian Customs at Rock Island for this firm for those three years?—A. Yes, sir, that is right. Three years, $13,000.

Q. One other question. The books of 1926 show that some $46,000 of bills and accounts receivable were owing to the company on the 1st of January, 1926, from its customers?—A. Yes, sir.

Q. That would be the current outstanding, what we might term, monthly bills?—A. That is right. The outstanding amounts due from their customers.

Q. I suppose this question is hypothetical, but in the ordinary course of business, the amount outstanding at the end of the year, in such accounts, would represent only a portion, a comparatively small portion of the year's turnover?—A. Yes, it would not represent anything like the year's turnover.

Q. I suppose one would be reasonably safe in saying it would be from thirty to sixty days?—A. It might be ninety days.

Q. In some cases?—A. Yes.

By Mr. Goodison:

Q. Did you see any copy of the invoices showing the turnover?—A. There was nothing but the books of 1926.

Mr. CALDER, K.C.: They made themselves impervious. It was impossible to find anything out. I think it was brought out before you came on the Committee, Mr. Goodison

Mr. GOODISON: At that time did Moore say the books were available.

Hon Mr. STEVENS: No, I think he said precisely what the auditors say here, that they wanted to make a new set of books, as the old set were not quite suitable and up to date, and Mr. Bissonet retained Mr. Moore, an expert accountant, to open a new set of books, which he did, and promptly destroyed all previous records.

Mr. CALDER, K.C.: Yes, that is it.

By Mr. Bell:

Q. Before we leave that, Mr. Nash, I would like to ask you this question; It may be necessary, in view of what may follow this investigation, that we should have on record, the names of the people who gave you formal information as to the fact that they had destroyed the books. Can you tell us, for the purposes of the record, who those men were?—A. Mr. Moore, told me that.

Q. He alone?—A. Yes. Before Mr. Moore stated that to the Committee.

The CHAIRMAN: It is in the evidence.

Mr. BELL: I just want you to assent that that is a part of the record.

WITNESS: That is stated in the evidence.

Mr. CALDER, K.C.: The next company is the Rock Island Overall Company, Rock Island, Que. I will call Mr. Boisvert.

GEORGE BOISVERT called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Boisvert, will you listen to this report?—A. Yes.

Q. (Reads)

"ROCK ISLAND OVERALL COMPANY—ROCK ISLAND, QUEBEC

"This company is owned by Mrs. H. Fregeau, and commenced business about thirty years ago. It sells shirts, overalls, smocks, pants and other clothing manufactured from denims or cotton goods. The records which were produced to us were incomplete, except for the year 1925.

Mr. George Boisvert, book-keeper and clerk in active charge of the business, stated that all of the records, with the exception of those produced to us had been destroyed.

"The sales as shown by the records produced were:

For 1924.	$58,156 00
For 1925.	53,884 00

which were substantially the same as shown by the Income Tax Returns.

"An examination of the sales records and the correspondence would indicate that certain sales were made and payments received from customers, which were not entered in the books of the company produced to us.

"An examination of the purchase records produced showed no irregularities, except an invoice dated 30th of June, 1925, amounting to $16.27 for goods received by parcel post on which duty was not paid.

"The company kept a bank account in the Royal Bank of Canada, Rock Island, and an account in the National Bank of Derby Line, at Derby Line, Vt. We were able to check the transactions in all bank accounts for the year 1925, because they were reflected in the books, but as practically no books were produced for 1924, and permission was denied us to examine the Derby Line bank account for that year, we were not able to verify the transactions.

"In 1924 and prior years the company had a warehouse in Derby Line, Vt. and from the customs entries at Rock Island such goods as were imported and passed through customs were invoiced from the Rock Island Overall Company, Derby Line. Mr. Boisvert informs us that the company no longer has a warehouse in Derby Line but has a bonded warehouse on their own property at Rock Island. The Customs records, however, show goods imported from an American Company of the same name as the Canadian company in the year 1925, but importations of this character are very much less in 1925 than in previous years.

"The company has made regular sales tax and income tax returns. The files of the Department (Nos. 80110 and 122688) show seizures in 1912 and 1924, deposits of $500.25 and $259.63 respectively being forfeited."

By Mr. Calder, K.C.:

Q. Why were the records destroyed, prior to 1925?—A. That, I cannot at all vouch for; I am just an employee of the Rock Island Overall Company. I think the first part of the report will show I was only in charge of the operation of the factory; that is not quite correct.

Q. You are a bookkeeper?—A. Yes, I am a bookkeeper.

Q. A bookkeeper, I imagine, is a man who keeps books, not a man who destroys them. Were you in charge of the books in 1924?—A. I was in charge of the books until they were balanced and a report made to Mrs. Fregeau.

Q. You were in charge of the book until that moment?—A. Yes.

Q. Then, who took them?—A. The manager of Mrs. Fregeau, who was the manager there.

Q. Who was the manager?—A. Her son-in-law, Mr. Bithell.

Q. Did Mr. Bithell destroy them?—A. He said he did.

Q. Was he quite candid about the reason for doing it?—A. Well, we never had any record, ever since I have been with the Rock Island Overall Company; we never kept any records after the books had been balanced; we kept the balance sheet, and the rest for another year or so. That has been the custom.

Q. I am afraid that business will become impossible if that is an established practice everywhere.

By Mr. Bell:

Q. They have been destroyed from year to year?—A. Yes sir.

By Mr. Calder, K.C.:

Q. Why didn't you destroy the 1925 records?

By Mr. Bell:

Q. Was it an oversight?—A. No. Before we had got around to destroy them, we heard of this enquiry going on and we thought they were going to use them.

Q. That is the reason why they were not destroyed?—A. That is the reason; that is probably what it was.

Q. Will you tell me why there were two bank accounts, one in the Royal Bank of Canada at Rock Island, and one in the National Bank of Derby Line, at Derby Line, Vt.?—A. That is mostly for convenience.

Q. No doubt. What convenience? There are two banks that are almost touching one another. What was the convenience?—A. At one time, the exchange was part of it.

Q. That is reasonable enough.—A. It was more convenient.

Q. Were American tradesmen furnishing you with goods that were paid for through the Derby Line account, to American manufacturers?—A. Yes.

Q. Were any cheques received from customers that passed through the Derby Line account?—A. Not that I remember of.

Q. How were the deposits made in the Derby Line account; in cash, or in transfer by cheques from the Canadian bank?—A. Sometimes transferred in cash, sometimes in cheques from the Royal Bank to the Derby Line Bank.

Q. I have no doubt there were more deposits in cash than by cheque?—A. I don't think so.

Q. More by cheque than by cash?—A. I can't say.

Q. Will you tell me why the records of the National Bank in Derby Line were not furnished to the auditors?—A. The main reason is what is given to Mr. Pelling; it was that the cashier over there refused to give it to me.

Q. The cashier of the bank refused to give you your records?—A. That is what he did.

Q. Which member of your company, Mr. Bithell, or Mrs. Fregeau, went to the Derby Line bank and asked for a record of their account, and were told they could not get it.—A. I went myself to the Derby Line Bank and asked for a copy, and he said he would not give it.

Q. Did you never see your account with the Derby Line bank; did you not get a statement?—A. I got the bank statement every three months.

Q. Where are those bank statements?—A. We handed them over to the auditors.

Q. For 1924?—A. No, for 1925.

Q. Why not hand them over for 1924?—A. We did not ask them for 1924, in the first place, the auditors just asked for them a few days ago; to get a statement from the bank for 1924. Of course, we presumed that the reason why they were refused to the auditors, for the 1925 account, was that the 1925 account was applied on 1924. Mrs. Fregeau took the same stand on that account, as she did on the 1925.

Q. What was the stand she took in regard to the 1925 account?—A. She didn't want them mixed in, as long as the cashier was not willing to show up the account. She would not force them.

Q. She would not offend him by insisting?—A. I don't know.

By Mr. Bell:

Q. Was it the accounts for 1925 that the cashier refused to give?—A. In 1925 we got quarterly statements; we had them on file.

By Mr. Calder, K.C.:

Q. She could not have taken the same stand with regard to the 1924 accounts, as to the 1925 accounts, because if she had we would not be asking you about it. The auditors had quarterly statements for 1925?—A. Yes.

Q. Now, what about 1924? What did you do to secure those accounts for the auditors?—A. We didn't go for them.

Q. Why?—A. We were sure we would not get it.

Q. Why?—A. Because the cashier refused us once, we would not go again.

By Mr. Bell:

Q. When was that?

By Mr. Calder, K.C.:

Q. When did he refuse you?—A. I have forgotten now.

Q. That is extraordinary. It is a wonder they can do banking at all in the United States?—A. There was another reason too.

Q. Have you no bank pass book?—A. No, they render statements.

Q. Well, I put it to you, Mr. Boisvert, there was not very much insistence with the bank?—A. Of course, there was this other part of it; our work being incomplete in the office, we could not really check the Derby Line account with our records, because we did not have any records.

Q. You could have produced the Derby Line account in its nakedness, and let it speak for itself. Do you withdraw your cheques from the American bank, or do they forbid that too?—A. It was done in 1924.

Q. You withdrew the cheques in 1924?—A. Yes.

Q. Those are drawn; needless to say?—A. Yes.

Q. What would happen if some person from the United States came around and said, "We want payment for our account for goods we sent to you in 1924, which you have not paid."?—A. I don't know.

Q. You would pay it, I suppose. Now, this is your statement under oath, Mr. Boisvert, that you acted on behalf of Mrs. Fregeau, the owner, and went over to her bank and said, "We want a copy of our bank account for 1924." The American bank in Derby Line said that you could not have it. That is your statement under oath?—A. No.

Q. What is your statement?—A. My statement is this; we had quarterly statements from the National Bank to check with our records for 1925. When the auditors came to check that statement with our books, they asked us to get a certificate from the cashier of the National Bank at Derby Line, showing our balances for the end of 1924, and the last of 1925.

Q. That was in the last week or two?—A. Yes.

Q. You went over to the bank and asked for it?—A. That is what I went to the bank and asked for, and that is what they refused. I think you have a letter on file to that effect.

By Hon. Mr. Stevens:

Q. From the bank?—A. Yes.

Mr. BELL: Did they give any reason?

By Mr. Calder, K.C.:

Q. Did they give any reason?—A. I think it is in the letter.

Hon. Mr. STEVENS: I was going to observe, Mr. Calder, that not only this witness, but some of the other witnesses, by their answers and by their actions,

indicate that they were far more anxious that the bank should refuse to produce all these things, than that there was any effort on their part to get the information.

Mr. CALDER, K.C.: May I suggest that the disinclination on their part could be completely overcome by this Committee reporting that to the House. I think they would then have to make the option between imprisonment and getting the records. The chances are they would prefer the better part.

Hon. Mr. STEVENS: Mr. Calder, I would suggest that you prepare the necessary questions now for this witness to answer; if he does not answer them satisfactorily, then we can take the necessary steps to have it reported.

By Mr. Calder, K.C.:

Q. Mr. Boisvert, will you undertake, for the Rock Island Overall Company, and for yourself personally, to procure from the National Bank at Derby Line a copy of your bank account, the bank account of the Rock Island Overall Company, for 1924?—A. I will try to.

Q. That is not exactly the same thing. This letter you refer to is in reply to an inquiry made by the auditors, and is addressed to the Rock Island Overall Company, reading as follows:—

"March 19, 1926.

Rock Island Overall Company,
Rock Island, Quebec.
Gentlemen:

In reply to your request of this date, I beg to state that it is not our custom to give certified copies, or signed statements, concerning any balances, or indebtedness of our customers.

We have had numerous requests of this nature, from time to time, but have refused same.

Yours truly,
(Signed) Arthur C.
Cashier."

That letter is on the letterhead of the National Bank, Derby Line, Vermont.

Q. Did you, Mr. Bithell, or Mrs. Fregeau, suggest to the National Bank at Derby Line that they might make that reply?—A. No, I didn't.

Q. You had no interview with them at all, in which you suggested that it would oblige you very much if the account was not given?—A. No, had no such interview with them; I didn't, and don't believe others did.

Q. I suggest that you go to Derby Line and consult a lively attorney, to take such legal proceedings against the bank as to force them to give up to you your bank statement. Will you do that?—A. I will report that to Mrs. Fregeau.

Mr. BELL: At the same time, report to them that you are in a very serious position, that it is a matter of vital importance to you to get that account, and get it quickly, because I can assure you I have good reason for suggesting that course.

Mr. DOUCET: I think Mr. Calder stated it well when he said it is a choice between production of that record, or imprisonment, upon the order of this Committee. We cannot be trifled with any longer; we have to get those documents in order to get through with this work.

Mr. CALDER, K.C.: In the meantime, I suggest we should call Mrs. Fregeau, and Mr. Bithell, as it has been pointed out to me that this man is but an employee.

By Mr. Calder, K.C.:

Q. Is this bank account in the National Bank at Derby Line in the name of the Rock Island Overall Company?—A. Yes, sir.

By Hon. Mr. Stevens:

Q. Is this a corporate company?—A. No.

Q. Partnership?—A. Single ownership.

By Mr. Calder, K.C.:

Q. Just Mrs. Fregeau?—A. Just Mrs. Fregeau.

Mr. CALDER, K.C.: That closes the examination as far as I am concerned.

Mr. BELL: Perhaps the witness should definitely understand that he is called upon to take immediate action; we do not want him to feel that the matter remains in abeyance.

Mr. CALDER, K.C.: I take it that it has to be done before Monday.

Mr. GOODISON: The auditor could go with this man.

Mr. CALDER, K.C.: Yes, the auditor can go with this man to the bank and have him make peremptory demand in the presence of the auditor for that bank account. If they then refuse, I imagine, if they are imprisoned here, they will be liable to a heavy amount in damages; maybe enough to recoup whatever fine you lose by the production of the account.

Mr. DOUCET: At the same time, you will call the other two witnesses.

Mr. CALDER, K.C.: Yes.

The CHAIRMAN: He will have to go to the bank with Mrs. Fregeau because, as a bookkeeper, he could not be held liable for damages.

By Mr. Calder, K.C.:

Q. Have you a power of attorney to act for them?—A. No, all I do is the book work.

Hon. Mr. STEVENS: Report to Mr. Nash and he will direct you.

Witness retired.

J. G. GAUTHIER and H. G. DUNCALFE recalled, but not sworn.

Mr. Calder, K.C. (reads)—

"*R. & G. Manufacturing Company*

This company commenced business in 1911, the present partners being J. H. Gauthier, H. G. Duncalfe.

The company manufactures and sells cotton overalls, smocks, pants, shirts, combinations, etc.

The books which were produced to us were not kept on double entry system, and were very incomplete. Many of the records for 1924 had been disposed of and all prior records admittedly destroyed.

Sales Records

The sales of the company as shown by the sales records produced to us were as follows:—

1924	$73,384 00
1925	63,032 00

Letters, however, received from customers of the company show sales which were not recorded in the books produced. Owing to the fact that certain of the books of the company were destroyed before our examination was completed, we are not able to state with certainty the extent to which sales have been suppressed. An examination of the collections from customers as disclosed by the bank account would indicate that the suppression of sales probably amounted to nearly $30,000 in 1924 and an undetermined amount, though considerable, in 1925.

Purchases

The purchase records covering imports of goods from the United States were verified by the production of purchase invoices from vendors and the duty paid thereon by endorsed cheques, and information from the Customs Office at Rock Island. These, however, include only such goods as were shipped in the company's own name direct to the company at Rock Island or Derby Line, but do not include any goods shipped to Derby Line or Newport to the order or name of other consignees on instructions from the R. & G. Manufacturing Company, which Mr. Gauthier states was done.

Cash Records

The only cash records made available to us were the cheque stubs and cancelled cheques for 1925 covering payments out of the general checking account only, and the passbooks of the general and collateral bank accounts. On attempting to reconcile the bank loan account we found that the company kept what is called a "No. 2 bank account" from which payments had been made in the following amounts:—

1923	$32,013 17
1924	26,652 30
1925	9,660 29

none of which show in the company's books.

NOTE.—Of the 1925 payments $3,727.70 were made since July 1.

The above amounts are not supported in any way by cancelled cheques or other vouchers which Mr. Gauthier has since stated have been destroyed. Mr. Gauthier's explanations of this bank account is that the disbursements therefrom represent payments to United States vendors for smuggled goods including cotton goods, machine parts, etc. The duty payable on the goods represented by these expenditures would amount to over $20,000.

Mr. Gauthier has stated to us that separate records showing the purchases of goods smuggled into Canada and the sales of these goods to the company's customers were kept by him and were recently destroyed.

An examination of the cancelled cheques on the company's bank account for the year 1925 show payments to Mr. J. F. Paquette for insurance premiums aggregating $1,262.

The company has shown us a copy of an income tax return for the year 1924, and has made sales tax returns at regular intervals, but sales taxes paid to the government would presumably not include the tax on the suppressed sales.

The files of the Department (Nos. 80110 and 123078) show seizures made in 1912 and 1924, deposits of $67.50 and $1,656.50 respectively being forfeited."

Mr. NASH: May I interrupt? I understand that Mrs. Fregeau is a lady of 65 years, and from my information she knows very little about the business. I think it might serve the committee if only Mr. Bithell were called.

Mr. CALDER, K.C.: Let us summon Mr. Bithell just now. In view of the statements made by these gentlemen when they were examined before, I have no further questions to ask them.

Hon. Mr. STEVENS: There is one observation I would like to make, which perhaps might be cited as an explanation of some of the rather mysterious activities of the other companies, and that is, that Mr. Gauthier has stated to us that "separate records showing the purchases of goods smuggled into Canada,

and the sales of these goods to the company's customers, were kept by him, and were recently destroyed." That is the fact; they were kept separately. That point has been raised and other witnesses have been very reticent, and have had weak memories, and so on. I want to say to these two witnesses that the committee appreciates their frankness, but I think in the absence of frank statements from others, we are justified in considering that they also kept separate records of smuggled goods.

Mr. CALDER, K.C.: It seems certain.

The CHAIRMAN: No doubt.

By Mr. Calder, K.C.:

Q. (To Mr. Gauthier) Did you purchase goods from the Gleason Manufacturing Company?—A. I think we have, some four years ago.

Q. Did you purchase any from Kegan-Grace?—A. I think we did, about six years ago.

Q. From the Standard Company?—A. I don't think we have bought from them for five or six years.

Q. From H. G. Ferguson?—A. We bought one shipment from them two or three years ago.

Q. They are supposed to be prison contractors?—A. I do not know that they are.

Q. You did not know it about Ferguson?—A. No.

Q. Did you know it about Kegan-Grace?—A. I did not know they were prisonmade. It was about four years ago that we bought from Kegan-Grace; somewhere around that.

Q. When Mr. Bryce of Sherbrooke made out his annual statement and income tax returns for you, you did not hand him these separate records of purchases, did you?—A. Separate records of purchases?

Q. Of the sales which were destroyed?—A. I don't remember whether I did or not.

Q. Now, Mr. Gauthier, don"t go back to that—A. No; I don't quite understand.

Q. You see you stated to the auditors and to the committee that separate records showing the purchases of goods smuggled into Canada, and the sales of these goods, were kept by you but were destroyed?—A. Yes; I did not show that.

Mr. CALDER, K.C.: Well, that is better.

Hon. Mr. STEVENS: That is right.

By Mr. Calder, K.C.:

Q. So that taxes on them were not paid—the sales taxes on these goods smuggled into, and sold in Canada, were not paid?—A. Well, I don't know; I cannot say about that.

Q. Well, at any rate, they were not handed to Mr. Bryce?—A. No.

By Mr. Goodison:

Q. Did you keep a separate record of your sales of smuggled goods, or just the purchases? In making the purchases, did you keep two records of your sales, or was it all in one book?—A. All in one book.

Q. All of your sales were in one book?—A. Yes.

By Mr. Calder, K.C.:

Q. All of these smuggled goods transactions were in one book?—A. Yes, that is right.

Q. And that book was kept separate from all the rest—A. Yes, it was, Mr. Calder.

Hon. Mr. STEVENS: Is that all, Mr. Calder?

Mr. CALDER, K.C.: Yes.

The CHAIRMAN: You are both discharged.

Witnesses discharged.

Mr. CALDER, K.C.: The next company is the Reliable Garments Limited. Mr. D. J. Sandilands has been called in connection with this.

DONALD JOHN SANDILANDS called but not sworn.

Mr. CALDER, K.C.: Sit down there, Mr. Sandilands, and listen to this report. (Reading).

"*Reliable Garments Limited.*

This company was incorporated on 9th June, 1922, under a provincial charter with an authorized capital of $20,000, of which $10,000 is subscribed. The original shareholders were:—

James Morris Williamson—Stanstead Plains.
Donald John Sandilands—Rock Island.
Alfred Neville Thompson—Stanstead Plains (Deceased).

"The Company is at present being managed by Mr. Sandilands, who states that he purchased from the other shareholders the assets, and assumed the liabilities of the company early in 1924. During 1924 and 1925, the company manufactured cotton bathrobes exclusively.

No records of the company were available for the year 1923, with the exception of the share ledger and stock certificate book. The records for 1924 are very unsatisfactory, but those for 1925 are fairly complete.

The company's bank account was used only for paying manufacturing costs, expenses, and Canadian purchases. Mr. Sandilands states that all purchases from United States vendors were paid through his personal bank account in the National Bank of Derby Line, which he has refused to produce.

Goods purchased in the United States were shipped to Reliable Garments Limited, Derby Line, and invoiced by this company to Reliable Garments Limited, Rock Island.

The Beacon Manufacturing Company, Providence, R.I. reports the following shipments to Reliable Garments Limited of Derby Line, Vermont:

1923—$6,166.
1924—$6,086.
1925—$14,149.81.

The value for duty of all goods passed through Canadian Customs was as follows:—

1923—$1,529.
1924—$1,581.
1925—$1,890.

showing a discrepancy between the total purchases from one United States vendor only, and the value for duty of imported goods cleared at Rock Island, of over $21,000.

It is only fair to state that the report from the Beacon Manufacturing Company shows one item of $9,283.85 in the year 1925, which

Mr. Sandilands states must be incorrect. We have written again to the Beacon Manufacturing Company for further particulars, and if this item is incorrect, the discrepancy would be reduced to about $12,000.

This discrepancy is to some extent confirmed by entries made in his Canadian books showing amounts credited to the American company in 1925, which are greatly in excess of the amounts cleared through Customs for that year. We have discussed this discrepancy with Mr. Sandilands who stated to us that he could not explain it. The company has shown us a copy of its income tax return for 1924, which, however, we could not verify, on account of the incompleteness of the books.

The files of the Department (File 122686) show that a seizure was made in October, 1924, a deposit of $507.21 being forfeited."

(Whereupon at the request of counsel the oath was administered to the witness.)

By Mr. Calder, K.C.:

Q. Mr. Sandilands, why did you refuse to give the auditors any information concerning the American company, and the American bank account?—A. Because I did not have it; I had no records.

Q. You had no records for the American company at all?—A. No sir.

Q. No books?—A. No, sir.

Q. But you had an American bank account—a personal bank account?—A. No, sir; that statement there that it was paid to my personal bank account is not correct.

Q. Have you an account in the National Bank at Derby Line?—A. Twenty-one cents.

Q. I am not asking you the balance of it. Sometimes thousands of dollars go through a bank account, and the final balance looks like a peanut account. Have you a bank account open in the National Bank at Derby Line?—A. Yes, sir.

Q. The auditors asked you for a copy of that, did they not?—A. No, sir.

Q. What?—A. They did not ask me for a copy of my Derby Line account; not to my knowledge.

Q. Do you know Mr. Leaver?—A. Yes, sir.

Q. Did not Mr. Leaver ask you for a copy of this bank account?—A. Not to my knowledge. The only thing Mr. Leaver asked me for was a copy of my Derby Line records, which I told him I could not show him.

Q. Did you not think that included your bank account?—A. No, sir.

Q. You are ready to produce your bank statement?—A. Yes, sir.

Q. The only reason you did not produce it was because you were not asked for it?—A. Yes.

Q. Will you undertake to produce it between now and Monday?—A. Yes, sir.

Q. Now, do you admit this discrepancy—— A. No, sir.

Q.——between the goods purchased by you in the United States, and the goods actually passed through Customs?—A. No, sir, I do not.

Q. How do you explain the difference?—A. It is very inaccurate. That is the statement, sir, from the Beacon, if they make any statement like that.

Hon. Mr. STEVENS: Show us.

By Mr. Calder, K.C.:

Q. Leaving that to one side for one moment; your own books show an amount credited to the American company in 1925, greatly in excess of the amount cleared through Customs for that year. If you do not believe the Beacon Garment Company, you believe yourself?—A. Yes, sir. I have stuff in the Derby Line warehouse.

Q. Which has not paid duty?—A. It is still over there.

Q. Which has not paid duty?—A. No, sir.

Q. It is still in the United States?—A. Yes, sir. Could I make an explanation of that, sir?

Q. Yes.—A. The reason for that is that I have not got much money. I am working on a line of credit. And the way that the Beacon people pack their stuff, we have probably four webs of a colour, and we are not allowed to break a package in a bonded warehouse; we must bring in the whole package, and I cannot afford to have four webs of the same colour lying in my factory for some times a year or two years. That is the reason for having the stuff in my Derby Line storehouse. I sometimes have to get four cases in to get four pieces of cloth to fill an order.

By Hon. Mr. Stevens:

Q. Did you not say a moment ago that Mr. Leaver had asked you for your Derby Line records?—A. Yes, sir; I have no Derby Line records.

By Mr. Calder, K.C.:

Q. Is there anybody in the storehouse there?—A. No.

By Hon. Mr. Stevens:

Q. What about this $20,000 worth of goods?—A. I have never purchased $20,000 worth of goods from the Beacon.

Q. Well, we won't dispute that. There is $9,000 in dispute. What about these goods in Derby Line, that you speak about? Why did you not give that record to Mr. Leaver?—A. I told him I could not give it to him because I did not know what I had over there.

By Mr. Calder, K.C.:

Q. Could you not have gone over and checked it up?—A. Yes; I was not asked to.

By Mr. Kennedy:

Q. Do you think you have $9,000 worth of goods there?—A. I cannot say that—truthfully.

By Hon. Mr. Stevens:

Q. You don't know?—A. I cannot swear to that, truthfully.

Q. If you were so much embarrassed financially that you could not afford to bring these goods over on this side, you certainly know within $1,000 of what you have on the other side.—A. I told Mr. Pelling, I think it was, that I had approximately between $6,000 and $8,000, but I could not give him any definite figures on it.

By Mr. Calder, K.C.:

Q. Why could you not have walked across and got it for him, or taken him over and showed him the goods?—A. I don't know.

Q. Is there any doubt about all the goods being shipped for the Reliable Garments Limited, Derby Line, for you, being intended for the Canadian market?—A. All for the Canadian market, sir.

Q. Well now, we have here———A. With the exception of probably an odd———

Q. An odd parcel?—A. Odd parcel or so.

Q. Well now, here is a slip from the Beacon Blankets, Beacon Manufacturing Company, selling blankets to the Reliable Garments Limited, Derby Line,

from 1923, July 6, to November 23, 1925, and it shows $26,303.04 and there is an item of $9,283.85, which is somewhat doubtful, which may be doubtful. Can you assign any reason why the Beacon Manufacturing Company, who must have a ledger account in your name, appear to have sort of supercharged you? —A. Everything I buy from the Beacon, since I took over this business personally—I was formerly, in 1922-23, I was really manager of that plant on salary.

Q. Yes.—A. In March, '24, I think it is 1924, the business was turned over to me, assuming the liabilities, and every dollar's worth of goods I have bought from the Beacon has had to be paid for before I could get it. The Canadian Bank of Commerce of Rock Island, I can assure you, never gave me a line of credit of that amount in any year; my line of credit has been $6,000 in 1924 and '25

By Hon. Mr. Stevens:

Q. What about your American bank?—A. I have not a line of credit there, sir; they do not extend me a line. I do not apply for any line of credit over there; I have no money over there, only an odd amount that goes from my Canadian bank over there.

By Mr. Calder, K.C.:

Q. Have you any other manufacturers from which you buy besides the Beacon Manufacturing Company?—A. No. Well, at the present time I buy from the ———. I bought some from the Meridan Trading Corporation and I have bought from, this year, from the Cohen Export; denims.

By Hon. Mr. Stevens:

Q. Where are they?—A. They are in my factory.

Q. Where?—A. In New York, sir.

Q. The Cohen Export Company in New York?—A. Yes, sir.

Q. What do they sell?—A. Denims.

Q. Where do they ship from?—A. Greensboro, South Carolina, if I remember right.

Q. Where do you receive the goods?—A. At the Derby Line freight shed, and I brought them right over and reported them to the Canadian Customs and paid duty on them.

Q. That is this year?—A. That is this year. The Meridan Trading Corporation, part of the shipment came in and I used what came in first for samples.

Q. Did not you say you have about $8,000 worth of goods in your warehouse in Derby Line now?—A. I could not swear to the exact amount, sir.

Q. About that?—A. About that, yes.

By Mr. Calder, K.C.:

Q. Did not you suggest to Mr. Pelling to take him over there and have him check up?—A. No, sir, I did not.

Q. Don't you think now it would have been wise to have done that?—A. Well, if I had knew it was necessary I would have checked it up.

Q. When you were asked, as you were, to explain the discrepancy between the purchases from one single manufacturer and your total entries, showing an excess of goods sent you of $21,000, if every item was correct, and of $12,000, if one item, which you challenged, was incorrect; don't you think it was up to you, then, to show that you had not defrauded the Customs of the duty?—A. How could I have $12,000 worth of goods and only have sales of $11,000?

Q. I will tell you, you might have that by cooking your books.—A. No, sir, I am not a bookkeeper.

Q. You asked me a question, you see, and I answered it.—A. Yes.

Q. You might get at that result by cooking your books. Your books do not show this deficiency of $12,000, that is precisely what is reproached to you. —A. That Beacon statement, sir, is incorrect, absolutely incorrect.

By Hon. Mr. Stevens:

Q. Do you dispute this———A. I do, sir, I dispute that Beacon statement.

Q. Wait till I ask you, I have not asked you yet. Do you dispute these figures; that in 1923 you cleared through the Canadian Customs $1,529 worth of goods, that is, for the Beacon Manufacturing Company?

Mr. CALDER, K.C.: That is all sources.

By Hon. Mr. Stevens:

Q. That you cleared only $1,529; in '24, $1,581; in '25, $1,890?—A. That in 1923, I could not truthfully swear to that.

Q. But the other two are correct?—A. I could not swear to that.

Q. Will you swear they are wrong?—A. I cannot swear they are wrong, sir; I cannot truthfully swear they are correct or wrong.

Q. Tell me this; are they within $100 of being right? We are not hair-splitting about these things.—A. That I could not.

Q. Do you know that they are wrong or right?—A. If I may explain there, I am not a bookkeeper, sir.

Q. It does not take a bookkeeper to know this.—A. And I could not truthfully say that there is a discrepancy there one way or the other.

Q. Let us put it another way. The Canadian Customs records show that you brought in these quantities, in value, that I have just mentioned; have you any method or means of showing that that record is wrong, or do you dispute the Canadian Customs records?—A. No, I do not.

Q. You do not; then, we can assume that this is correct?—A. Yes.

Q. Well then, in three years you bring in a total of $5,000 worth and you tell us that you have now in stock, in warehouse in Derby Line, $8,000 worth. Now, as a business man, running a business, will you please explain to me, if you will, in doing a business of $5,000 in three years, why you are carrying a stock in Derby Line, a dead stock, of $8,000?—A. The reason why?

Q. Yes.—A. I cannot meet competition, sir.

Q. Are you selling them over there?—A. No, sir. I cannot meet competition in Canada and that is why my business has dropped.

Q. That is not an explanation.—A. The reason why I have a dead stock.

Q. That is not an explanation at all.

By Mr. Calder, K.C.:

Q. Why did you buy that stock?—A. We have to buy, sir, every December; we have to place our contract for the entire year every December.

By Hon. Mr. Stevens:

Q. Then, this $8,000 worth that you have over there, you placed last December, did you?—A. Well, not all of the $8,000.

Q. How much of it?—A. All but the Meridian Trading Corporation stuff I have in the storehouse.

Q. How much would that be?—A. I could not tell you roughly what thit is.

Q. Make a guess, how much?—A. I should judge somewhere around eight and nine hundred dollars worth.

Q. Well then, there would be $7,000 worth, we still give you an extra hundred, that you bought in December and you are keeping over there?—A. Yes, sir.

Q. Did you buy a similar amount the year before?—A. From the Meridian?

Q. Well, from anywhere; and bring into that warehouse.—A. And there is two cases of cotton goods over there I do not know exactly the amount, that is dead stock.

Q. Tell me, did you buy the year before, that is in 1924, a similar large amount?—A. From the Beacon?

Q. Yes, from anywhere, I do not care?—A. No, sir, I do not think; I am sure I did not buy that much from the Beacon.

Q. I mean altogether, and bring into that warehouse?—A. No, sir.

Q. How much did you buy?—A. That I cannot truthfully answer.

Q. Well, give a guess, give it as close as you can estimate?—A. I could not give an estimate.

Q. $5,000?—A. Possibly.

Q. Possibly $5,000. Now, in 1923, give us an estimate of what you bought in '23?—A. That, I do not remember.

Q. What?—A. I do not remember 1923.

Q. You do not remember at all?—A. That is too far.

Q. Let us take the two you have got. If you bought in 1925, $7,000, and $1,000 from the Meridan, which makes $8,000; and $5,000 worth in 1924; the 1924 goods surely have been brought into Canada before this—how is it you only declared at the Customs $1,581 in 1924?—A. In 1924, when I took over the business, or my partner turned it over to me, there was stock in the shelves and in the building which I used up.

Q. That is not my question at all; let us forget the shelves.—A. That is how I have got stock in Derby Line.

Q. Just a minute, now, you cannot escape it that way. You say you have $8,000 worth in Derby Line. Now, in two years you show you bought $12,000; you admit that?—A. No, sir, I do not admit buying $12,000 worth from the Beacon in two years.

Q. Not the Beacon.—A. Or anybody, $12,000.

Q. You so stated to me a moment ago.—A. Not $12,000.

$7,000 in '25 and $5,000 in '24?—A. No, sir, not $7,000 in '25, that I am sure; I did not buy $7,000 in '25.

Q. Well, I took your own word for it.—A. And I do not think I bought $4,000 in 1925.

Q. Well then, let me ask you this question. Out of this stock of $8,000, do you mean to tell me you have been carrying $4,000 of that from 1924?—A. You have to, sir.

Q. In Derby Line?—A. Yes, sir.

Q. In the warehouse?—A. Yes, sir. You have to carry a stock of that seasonable goods and renew your patterns each year.

Q. You do not get my question; you give yourself away by saying "renew your patterns each year."—A. Yes.

Q. Do you mean to tell me, of this stock you say you now have in Derby Line, that is, $8,000 worth of goods, that $4,000 worth of it has been carried over from 1924?—A. I could not swear $4,000 was carried over from 1924.

Q. I am afraid you are not making a very good explanation of this discrepancy. What I am trying to get at is this: You certainly are not in business at the rate of $1,500 a year, that is absurd, is it not?—A. In 1924, $1,000, did you say?

Q. Yes.—A. That——

Q. What were your sales in 1924, roughly?—A. I think, according to my records, $16,000.

Q. $16,000?—A. Yes.

Q. Where do you buy the most of your goods?—A. From the Beacon Manufacturing Company.

Q. Well then, if you sold $16,000 worth of goods in 1924, and you bought most of them from the Beacon Manufacturing Company, how is it you only declared $1,581 worth at the Canadian Customs?—A. Of duty?

Q. Yes.—A. Duty paid?

Mr. CALDER, K.C.: That is the value.

By Hon. Mr. Stevens:

Q. That is the value of the goods you declared at the Customs, leaving a discrepancy of $14,500 to account for.—A. I see one item that the gentleman took yesterday afternoon, of $181, duty paid, there, which would almost bring that up to $500 of that, and there is quite a lot of other items there that they have.

Q. Well, you are not answering my question. According to your own statement, your sales in 1924 were $16,000?—A. About that.

Q. Chiefly goods purchased from the Beacon Manufacturing Company? —A. Yes.

Q. You showed, or the Customs records show, that during that year you cleared only in value $1,581 worth of goods; now, I ask you to explain the discrepancy; you cannot explain it?—A. I cannot explain that, sir.

Q. Did you smuggle it?—A. In 1924, as your records show, I did.

Q. You did smuggle——A. Some of it.

Q. Did you smuggle $14,500 worth?—A. No, sir.

Q. How much did you smuggle?—A. You have it there in front of you how much I smuggled.

Q. How much did you smuggle?—A. About two cases of that. $14,000 worth of goods is not $14,000 worth of raw material sir.

Q. How much profit do you make on it?

Mr. NASH: It would represent about $10,000 worth of materials.

By Hon. Mr. Stevens:

Q. Then, $10,000 worth of materials. I am very accommodating; how do you explain the difference?—A. There was some that was smuggled in 1924, that I admit.

Q. About $8,500 were, then? That is the Beacon Manufacturing Company alone?—A. No, sir; they never sold me that much goods in one year.

Q. About $8,500 worth not accounted for. That we must assume was smuggled goods.—A. In 1924?

Q. Yes.—A. That I think is wrong, sir.

Q. It may be that your memory is better as to 1925. We will try you on 1925. What do you say it was in 1925?—A. Less than $12,000.

Q. That is what you disclose in your books?—A. Absolutely all in my books, sir.

Q. Where did you get the goods?—A. Mostly from the Beacon, and what was left over from last year.

Q. And where did you get the rest of them?—A. The Meriden Trading Company.

Q. They are in the United States?—A. Yes.

Q. Then you got all of them from the United States?—A. Yes.

Q. What would that $12,000 worth of goods represent in materials?

Mr. NASH: About $7,000.

Hon. Mr. STEVENS: Say $7,000 worth; would that be about right?

The WITNESS: That I couldn't say.

Mr. NASH: About 60 per cent.

The WITNESS: About 60 per cent? I don't know how you make 60 per cent.

Hon. Mr. STEVENS: About 60 per cent.

Mr. BELL: The auditor says so, and the witness does not contradict him.

The WITNESS: That I don't think is correct, because they vary. The stuff varies in price. I didn't have any definite way of figuring it.

By Hon. Mr. Stevens:

Q. I am not asking you, Mr. Sandilands, to come to a dollar or a hundred dollars. I am giving you a good deal of latitude. Your sales were $12,000, and I ask you how much of that is represented in cost, coming in.—A. That I could not tell you offhand.

Q. Would $7,000 be a reasonable figure?—A. That I cannot say, sir.

Q. Is it high or low?—A. I think it is low.

Q. Shall we say $8,000?—A. Possibly.

Q. All right, I will take your own figure, $8,000. And you say you bought all of those from either the Beacon Manufacturing Company, or the Meriden?—A. Yes sir.

Q. Now, in 1925, you brought in goods to the value of $8,000, and the Canadian Customs show that you paid duty on goods amounting to $1,890. I ask you now how you explain the discrepancy.

Mr. NASH: If I may interrupt? He says he has some stock over. I think you would have to take the two years together, on account of the stock that must be on hand.

Hon. Mr. STEVENS: But I am taking his sales; what those goods would be worth, and then I am taking what he brought in, in both cases.

By Hon. Mr. Stevens:

Q. Now I ask him how he accounts for the difference?—A. I cannot understand that.

Q. You cannot understand it?—A. No sir.

Q. And you cannot explain it?—A. No sir.

Q. Did you smuggle in 1925?—A. No sir.

Q. Are you certain?—A. Yes sir.

Q. You admit smuggling in 1924?—A. Yes sir.

Q. And your transactions show a striking similarity in 1925 to 1924, and yet you deny smuggling in 1925?—A. Yes, my sales will show the difference there. According to my sales records, I think it is $11,000.

Hon. Mr. STEVENS: It may be, Mr. Calder, that this witness will give to Mr. Nash a complete record of the goods in the warehouse in Derby Line. Also, a record of his bank account which will enable you to complete your records.

Mr. CALDER, K.C.: I suggest that he be released with an order to produce a copy of the American bank account, and that a check be made under the supervision of one of Mr. Nash's assistants, of the amount in the warehouse.

By Hon. Mr. Stevens:

Q. Will you undertake to do that, Mr. Sandilands?—A. Yes sir.

Mr. BELL: It might be explained to the witness, as it has been to others, that giving an order in this connection does not mean an order on the bank.

By Mr. Calder, K.C.:

Q. Yes. You will have to produce the account.

By Hon. Mr. Stevens:

Q. You say that you yourself will produce the account?—A. Yes, if the bank will give it to us.

Q. They will give it to you, Mr. Sandilands. We have already discovered that you can offer a thing with one hand, and bring it back with the other, as it were. We do not want any of that subterfuge at all. We want you to undertake to produce these things that you are entitled to, from your own bank; not to give an order to Mr. Nash, and then let Mr. Nash go over there, on a wild goose chase, and be told by the bank that they won't disclose their clients' business. We want you to get that, for Mr. Nash, and also to check that inventory with him. You will undertake that?—A. Yes sir.

Mr. CALDER, K.C.: If you will tell your bank manager that you are subject to punishment for being in contempt of the committee if that is not produced, I think you will find him more flexible than he otherwise might be.

The CHAIRMAN: You are the master of the situation. You are a client of that bank, and the bank will not refuse that.

Mr. BELL: There are others going to him in precisely similar conditions. I think he will recognize the urgency of it.

By Mr. Doucet:

Q. You realize, Mr. Sandilands, that you are somewhat embarrassed because you have not got a record of the purchases made, of raw materials? Try to help this Committee by obeying this order, and getting your bank statement, as a check of the goods in store in the warehouse at Derby Line. Then you will receive some further advice.

The CHAIRMAN: It is up to you to clear the situation.

Mr. CALDER, K.C.: He must undertake not to ship back to Derby Line, either.

The WITNESS: If I may make this statement, Mr. Chairman? If I could work as a manufacturer, through the Canadian Customs, and release one web of my cloth when I need it, instead of having to release anywhere from four to twelve rolls of cloth when I don't need them, we could be helped out a lot. According to my statements in 1924 and 1925, I have a loss of nearly $57,000. I have mortgaged my home, and everything to do business, and my statements will show a loss, as Mr. Pelling saw by my books, which is an absolutely true statement of my affairs—if we could work with the Customs, and have our unfair competition met the way we are trying to be met, we would not be in the mire as we are.

By Mr. Calder, K.C.:

Q. What is the unfair competition?—A. The unfair competition, Mr. Calder, is this: I sell a lot of my goods, and as I have told Mr. Pelling in my office last May, or the beginning of May, I was in the city of Montreal trying to sell a bathrobe at $51 and another at $54, and was left out because I couldn't sell them for $33 as they were bought in the city of Montreal for that price.

Q. Brought from the United States?—A. No, sir, made in the city of Montreal. I do everything in my factory from splitting my wood to signing the cheques. I am in my factory from a quarter to six in the morning until nine o'clock at night, and I can't make a living in my factory, through the competition in the city of Montreal and Toronto.

Q. What competition is that?—A. I couldn't tell you the names of the concerns, but robes have been sold in the city of Montreal at $3.85 retail, when I have to ask $4.50 wholesale for them.

Q. Would it be possible, paying duty, to make those robes?—A. Impossible, sir.

Q. So your suggestion to the Committee is that smuggling on a large scale is going on by Montreal and Toronto manufacturers?—A. Yes, sir; well, I wouldn't make a statement like that.

Q. You are here to help the Committee, and the Committee is here, incidentally, to help you.

The CHAIRMAN: You can state your convictions.

The WITNESS: I could not swear they are smuggling.

By Mr. Calder, K.C.:

Q. Will you tell me, in confidence, the name of your competitors?—A. I can, sir. I have it in the west, sir. I have just got back from as far out as Calgary and Edmonton, trying to sell my goods, and I can be beaten. Last November, Eaton's buyer told me that he was buying Beacon robes at $30.00 a dozen. Where it hurts us—that is the reason I am losing money.

By the Chairman:

Q. Does the raw material of these robes came from the United States?—A. Yes.

Mr. CALDER, K.C.: He says they are made of Beacon cloth.

The WITNESS: They are made of Beacon and Lawrence cloth, which is practically the same thing.

By Mr. Bell:

Q. Your suggestion is that you are being undersold, as the result of their smuggling?—A. I could not say that it is smuggling.

Q. Is there anything else you have in mind, that might be ascribed as a reason?—A. That would be a broad statement for me to make, without proof.

Q. Let us get your idea of it?—A. It is something I could not prove.

Q. I do not care about that. If you have in mind something you believe to be so, we are not calling on you to prove it now. Can you suggest what you believe to be the fact?—A. I suggest that those people should be looked after—which I suggested to Mr. Laing and Mr. Kellert when they were in my office, and showed them robes in 1924 which I was getting $5.50 a garment for, and which was retailed in Montreal for $3.85, in Ogilvie's and other stores.

By Mr. Doucet:

Q. Do you mean to say these Montreal manufacturers cannot import the Beacon goods, and pay the Customs duty, and manufacture and sell for that price?—A. Absolutely not, sir.

By Mr. Calder, K.C.:

Q. Can they import the whole garment for that price?—A. No, sir, I doubt it very much.

Q. And pay duty?—A. I doubt that very much.

Mr. GOODISON: Can you get the names of the manufacturers, Mr. Calder?

By Mr. Calder, K.C.:

Q. If you will give me the names in confidence, we can mutually help?—A. I have unfair competition, gentlemen. That is why my line of credit was cut off, and I am virtually a bankrupt to-day. It is wrong, absolutely wrong, gentlemen, that the Manufacturers Association should jump on a poor man like I am.

By Mr. Bell:

Q. It will help the Committee very much if you will give the auditor your frank assistance?—A. I am giving the auditors that. The situation with me to-day is not a question of finance. I have nothing to-day. I live on $20 a week salary. I have nothing, and I am owing $9,000 to personal friends, to try and carry on this business. I have lost, of that amount, nearly $6,000. Does it look as if I had smuggled a lot of goods? If I had smuggled a lot of goods, I would be rolling around in a car. It does not look fair. Those statements there, with all due respect to the auditors—which are very efficient and gentlemanly with me,—I have found them in every way—and I won't swear that they did not ask me for that bank account, but to my knowledge, they did not have my Derby Line inventory. I will admit that I did not think they were justified in getting it.

By Hon. Mr. Stevens:

Q. It would solve the whole difficulty if your Derby Line inventory should account for the discrepancy, then your skirts are clear.—A. Your Beacon statement, Mr. Stevens, if you will pardon me, is absolutely incorrect. The Beacon Manufacturing Company would not ship me one dollar's worth of goods without receiving their cheque beforehand. I received not a dollar's worth of goods from any firm without their cheque, and you can rest assured my line from the Canadian Bank of Commerce, Mr. Stevens, will show you that I have not bought that amount of goods from the Beacon.

Q. You can demonstrate all that if you will give your frank assistance to the auditor?—A. I have in my Canadian books, as Mr. Beaver and Mr. Pelling will see——

By Mr. Calder, K.C.:

Q. I suggest that it would be very easy to check this up. Was all your stuff sent by the Beacon Manufacturing Company by rail?—A. Absolutely, every dollars' worth.

Q. And all to what point?—A. To Derby Line, Vt.

Q. Without exception?—A. Without exception.

Q. I should imagine then that the freight records would show the shipments in practically the same order as the dates here, and that the amounts would reveal to you the weights so that you would be able to check all these amounts and demonstrate that they are incorrect, if they are?—A. The only place I have any money is from the Canadian Bank of Commerce at Rock Island. The only place that I borrow any money.

Q. Did you dispose of any of these goods to other people without manufacturing them?—A. Not a yard, sir.

Q. There is no other manufacturer of the same kind of goods in Rock Island or Beebe Plains?—A. Just Telford Brothers in Rock Island.

Q. Did you ever sell Telford Brothers any of your goods?—A. Not a dollar's worth.

Q. Are they competitors of yours in a destructive fashion?—A. Good fair competition, sir.

Mr. NASH: It is possible that the Beacon Manufacturing Company's statements may be incorrect.

WITNESS: It is incorrect, sir.

The CHAIRMAN: Bring a statement from your own bank, the Canadian Bank of Commerce, and show what you have in your warehouse, and perhaps you will balance.

WITNESS: With the Beacon, that statement will not balance.

By Mr. Calder, K.C.:

Q. I suggest that there are methods of checking it up. You can check it by the freight records?—A. That is the sheets?

Q. By the payments. It could also be checked by the freight records.

Mr. BELL: You can make the effort anyway.

WITNESS: The payments do not. Where I pay for that stuff in advance, I receive a heavy cash discount on it, anywhere from 4½ to 7 per cent. I can not buy $12,000 worth of goods in a year on a line of credit of $6,000. I can not buy $16,000 on a line of credit of $6,000.

Mr. STEVENS: Mr. Sandilands, I do not want to harrass you, but your own statements lead you into some grave difficulties.

By Hon. Mr. Stevens:

Q. You told us, did you not, quoting your own words, that you are bankrupt virtually?—A. At the present time.

Q. And you also tell us that you have approximately $8,000 of an inventory in Derby Line?—A. Yes.

Q. Lying there dead?—A. Yes, sir.

Q. I do not want to comment upon your business methods, but the only way you can make money in your business is to turn goods over, and certainly, as you intimate that you have $3,000 or $4,000 worth of goods that have been carried ever since 1922 or 1923, you can easily see the direction in which you are travelling. I only want to show you the difficulties you will get yourself into. However, you can make your revelations to the auditors frankly, and it will be better for you?—A. That is what I have done.

Witness retired.

Mr. CALDER, K.C.: The next company is the Stanstead Company Limited, of Stanstead, Que. I will call Mr. Ticehurst.

ORAL F. TICEHURST called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Ticehurst, you will listen to this report of the auditors?—A. Yes.

Mr. CALDER, K.C.: (Reads)

STANSTEAD MANUFACTURING COMPANY LIMITED.

"This company was incorporated in 1922. The charter of the company was not available for examination, nor was the minute book written up to date. The principal shareholders are:

Mr. O. F. Ticehurst,
Mr. A. E. Tiffin,
Mr. H. Gagnon

"The records produced to us were very unsatisfactory. The sales ledger sheets were loose, and not enclosed in a binder and most of the purchase records were missing. Mr. Ticehurst admitted that the records were incomplete, but refused to allow us to obtain from his banker certain information necessary in the checking of purchases from United States vendors. We did, however, see the account of the company in the records of the bank, but very few of the cancelled cheques were available.

"We built up from these records the approximate payments to United States vendors from November, 1923 to March, 1925 which totalled some $6,500. After deducting from this amount the goods

imported by the company and passed through Customs during the period June 1923 to 20th August, 1925 (the approximate date on which the company ceased operations) and the estimated value of cloth stated by Mr. Ticehurst to be stored in his warehouse in Derby Line, there is an unaccounted for balance of approximately $5,000.

"Prior to the discovery of this discrepancy, Mr. Ticehurst admitted to us that he had smuggled goods into Canada to the approximate value of $5,000, but stated that if this was mentioned to the Committee, he would deny that he had done so.

"Shipments from United States exporters to Stanstead Manufacturing Company Limited were made to Newport and Derby Line, Vt. but cannot be identified with the items which were passed for duty at the Rock Island Customs house. In explanation of this, Mr. Ticehurst claims that other firms used their name for goods shipped to Newport and Derby Line, and that he did not in all cases receive the goods shown by the shipping records to be consigned to him. The largest single amount on which duty was paid during 1923, 1924, and 1925 was $51, whereas the freight shipments to Derby Line and Newport consisted mostly of bales of goods most of which weighed from 200 pounds to 600 pounds.

"The records of the Customs Department show that this company made sales tax returns from time to time, but the company kept no copies of such returns. Mr. Ticehurst claims that the Company has made Income Tax returns, but kept no copies.

"The files of the Department, (File 122689) show that a seizure was made in October, 1924, and a deposit of $66.25 was forfeited."

By Mr. Calder, K.C.:

Q. Mr. Ticehurst, what kind of business do you do?—A. I am an automobile dealer.

Q. What?—A. I am an automobile dealer.

Q. But the Stanstead Manufacturing Company?—A. We manufactured overalls.

Q. How much goods did you smuggle into Canada?—A. I could not say.

Q. What?—A. I could not say.

Q. Will you make it $5,000?—A. I would not want to state any definite amount because I have not got the proper records.

Q. Did you state to the auditors that it was $5,000?—A. Why, I would not want to give a definite answer. I could not say what I said to the auditors.

Q. Did you or did you not state to the auditors that it was $5,000 about.—A. I might have mentioned it.

Q. But did you?—A. I cannot exactly tell you what I said to the auditors, because I was alone with Mr. Durant at the time, and might have said something I should not, I do not know.

Q. You were not unconscious at the time, were you?—A. No, I was not exactly unconscious.

Q. If Mr. Durant swears that you made that statement, would you deny it?—A. I would not like to deny it if I told him that; I would not like to.

By Hon. Mr. Stevens:

Q. After of about five minutes of this sparring, we will expect you to be frank with Mr. Calder?—A. Pardon me, I have got cut-up already. Take Mr. Durant, he might have certain evidence down there that I did not say, but as far as this goes, I might have said it.

By Mr. Bell:

Q. You mean if he got the evidence, you would not really deny it?—A. I do not know what is the trouble here.

By Mr. Calder, K.C.:

Q. What firms have used your name?—A. I could not say, but in the conversation with Mr. Durant, he mentioned some things, and I had to deny them because I absolutely knew nothing about them.

Q. Is that why he said that you said that if you went into the box, you would deny it? Come now, Mr. Ticehurst, why would a careful man like an auditor make a statement like that; he has no interest in it.—A. That is a true enough, but there might be certain phases that he was not careful in.

Q. What is that?—A. There might be certain phases that he was not careful in.

By Mr. Bell:

Q. We are not prepared to assume that?—A. I might have said it.

Q. You have held out good and long, now tell us?—A. I am telling you the truth. I do not remember exactly what I said.

By Mr. Calder, K.C.:

Q. All right, we will let it go at that. Who are the people who used your name for goods shipped to Newport and Derby Line?—A. I do not know that anybody did.

Q. Did you state that other firms might have done that?—A. I stated to Mr. Durant. He mentioned one particular case about something, and I stated that I did not know anything about it, that they might have done so.

Q. That is not exactly the same statement. Mr. Durant reports that you stated that other firms used your name, for goods shipped to Newport and Derby Line?—A. I did not say that.

Q. And that you did not in all cases receive the goods shown by the shipping records to be consigned to you?—A. No, I did not say that.

Q. Then you did receive all the goods shown by the shipping records as consigned to you?—A. Yes.

By Hon. Mr. Stevens:

Q. That corrects that impression?—A. The item he mentioned, was not concerning just what this gentleman has been stating. I do not think.

By Mr. Calder, K.C.:

Q. Why did you refuse to allow the auditor to obtain from the banker certain information?—A. Well, I did not think it was my business to go into the Royal Bank business.

Q. What?—A. To mix up with the affairs of the Royal Bank. I did give him power to examine into my affairs. I had my bank book.

Q. But you did not want to go with him?—A. I did not think it was right.

Q. Where are your cancelled cheques?—A. I gave him all I had.

Q. Where are the ones you did not give him?—A. That is hard to say. When Mr. Bisaillon was back there in 1924, practically all the business done was before that date, and all the records were destroyed. I suppose I had no use for them after that.

Q. What month did your destruction occur in?—A. What do you mean by that?

Q. The destruction of your records?—A. I could not say.

By the Chairman:

Q. Are you sure they are destroyed?—A. I know they are. Absolutely.

By Mr. Calder, K.C.:

Q. Did you destroy them?—A. Yes, sir. I think I did.

Q. You say you think you did?—A. I know I did.

By Mr. Bell:

Q. Was it October, 1924?—A. I could not say the exact day, or the exact month, because I do not know. I have not been in the business since approximately last May.

Q. You can tell us the season of the year, if not the day?—A. It was at the time Mr. Bisaillion was there.

Q. That does not convey anything to me? Was it in the autumn?—A. It must have been.

Q. I want your statement, was it in the autumn or not?—A. If I said it was in the autumn, and this gentleman was there in the spring, I would be lying.

Q. What suggests it to you that it was Mr. Bisaillon?—A. Well, at the time I had some American purchases which they seized, and after that I did not have any.

Q. Who seized them?—A. This gentleman over here.

Mr. CALDER, K.C.: It was about the sixth or seventh of October, 1924.

Mr. BELL: October was the favourite month, in this case.

Mr. CALDER, K.C.: There were two raids; one in 1912 and one in 1924.

By the Chairman:

Q. You are no more in the business?—A. I am not, sir.

Q. When did you quit?—A. Last May, a year ago this month, the 1st of June, or somewhere around there. It was not paying me, and I had no reason to carry it on.

Q. If those cheques of yours were not destroyed, and were now available, they would reveal how much was smuggled?—A. I expect they would.

Witness retired.

Mr. CALDER, K.C.: Mr. Chairman, I will now deal with the Auditor's Reports concerning the Standard Manufacturing Company—(W. M. Pike & Sons) and the Telford Brothers Garment Company.

"Auditors' Report"

OTTAWA, June 3, 1926.

To the Chairman,
Special Committee, Investigating the
Administration of The Department of Customs and Excise,
Ottawa, Canada.

SIR,—

In our report No. 10, submitted June 3, 1926, we dealt with the general conditions at Rock Island, Quebec, and reported upon ten of the companies carrying on business there. In this report, which is supplementary to Report No. 10, we deal with the remaining five companies which were investigated.

STANDARD MANUFACTURING COMPANY,

(W. M. PIKE & SONS).

This company operated as far back as 1912 both a factory and a general store in the same building at Rock Island under the name of W. M. Pike & Sons but in the last two or three years the manufacturing business has been conducted under the name of Standard Manufacturing Company. Mr. W. F. Pike, the present proprietor of both businesses is, we understand, a United States citizen and lives in Derby Line, Vt.

No books or records prior to 1924 were produced to us, Mr. Pike informing us that these had been destroyed.

The manufacturing output consists of overalls, shirts, pants (cotton) smocks, etc.

Sales

The sales of the manufacturing business as shown by the books were for the years 1924 and 1925, as follows:—

1924—$29,378.

1925—$18,699.30.

The cotton goods, buttons, trimmings, etc., used in the factory were, according to the Rock Island Customs Office records, exported to the Canadian business by either W. M. Pike & Sons, Derby Line, Vt., in the earlier years, or Standard Manufacturing Company in the later years. None appear to have been invoiced directly to the Canadian business by United States exporters.

We obtained from the Boston & Maine Railroad Freight Office records at Derby Line, a list of shipments made by various United States manufacturers and dealers to W. M. Pike & Sons at Derby Line. All these shipments were signed for by either C. Crowe, or Ed. Seguin, both being carters employed by the Rock Island business. Mr. W. F. Pike produced to us twenty-five of the original invoices relating to the seventy-four shipments listed by us and claims that these are all that he can locate. He states that the goods thus purchased were delivered as required to the Canadian business and reinvoiced to the Canadian factory by either W. M. Pike & Sons, Derby Line, Vt., or Standard Manufacturing Company, Derby Line, Vt., as exporters and customs entry made. We understand from Mr. N. C. Knight, the Customs Officer at Rock Island that the original invoices from United States shippers would be and were demanded and seen at the time of these entries.

On account of so many of these invoices not now being available, and of the fact that the shipments to the Canadian factory appear to have been made in different quantities, we have been unable to see in respect to all the goods apparently bought for the use of the Canadian factory, whether or not Canadian duties were paid. Mr. Pike states that there is no written record of the United States purchases other than as contained in the National Bank account referred to later herein.

Bank Accounts

In the earlier years the Canadian bank-account was kept in the name of W. M. Pike & Sons with the Canadian Bank of Commerce at Rock Island, and this account was used for both the general store and factory purposes, cheques for the latter being specially marked in many instances. In August 1925 a separate bank account was opened with the Bank of Commerce for the Standard Manufacturing Company. Mr. Pike states that no payments were made from either of these bank accounts to United States dealers, such payments being made from an account kept with the National Bank at Derby Line in the name of W. M. Pike &

Sons. Mr. Pike has produced some of the monthly bank statements of this account and a few of the cheques drawn on it, claiming that these were all that were available. Transfers of funds from the Canadian bank account were made to this United States bank account, but in addition there were deposits made almost daily in the National Bank account during 1924, and about 200 deposits in 1925, consisting, so Mr. Pike states, of cheques and cash representing the proceeds of goods sold in Canada either by the factory or the store.

We examined the books produced by Mr. Pike but these do not appear to have been kept upon a complete double entry system. The cash book in which these deposits were entered did not balance and as there were no names against the entries to show from whom the amounts had been received we were unable to identify these items, which amount to $38,343.26, with any record showing the sales for which they were stated to be settlements.

Sales Tax

Sales Tax returns were made regularly each month, but in the absence of complete records as to the sales made, we were unable to state whether or not the returns were properly made.

Income Tax

No copies of Income Tax Returns for 1923, or prior years, were available, and, as already stated, all books and records for these years have been destroyed.

A copy of the Balance Sheet and Profit and Loss Account for 1924 was produced by Mr. Pike and stated to be that on which Income Tax Return was made.

The Profit and Loss Account gives a summary showing the total purchases, duty, freight, wages and other manufacturing and selling expenses in considerable detail.

The books which Mr. Pike produced for 1924, consisted of a cash book, a sales ledger (from which, however, the ledger sheets for accounts which had been settled had been removed and destroyed) and a sales binder. There was nothing, however, in these books to indicate how the Profit and Loss Account referred to had been compiled, and in this connection it should be borne in mind that Mr. Pike has stated that there were no written records kept of the United States purchases.

Mr. Pike claims to have filed an interim Income Tax return for 1925 but in blank, without any statement, and he has been unable to indicate to us how in the absence of more complete records than those produced, he will be able to complete this return.

Customs Seizures

The files of the Department (Nos. 80110 and 122687) show the following:

Seizure 1912—	$607.25	Deposit forfeited.
" 1924—	484.38	" "

Mr. D. P. GILLMOR: Mr. Chairman, before Mr. Pike gives his evidence; I do not exactly know what standing counsel has before this Committee, but if I am allowed to speak on behalf of Mr. Pike, I hope you will bear with me.

The CHAIRMAN: We will hear any statement you have to offer.

Mr. GILLMOR: From my observation of your methods here to-day, they seem to be very thorough. I do not think it would serve any useful purpose by taking up time with preliminaries, so will come to the point. Mr. Pike is going to tell you exactly what has taken place in his business, but I should like to

ask, on his behalf, that all the answers he gives, be given under the protection of the court; whatever similar procedure you adopt in this Committee; because I do not want him to be in a position, if he withholds information that he may go to the tower; and if he gives the information, he may go to some place less comfortable. I ask for that protection.

The CHAIRMAN: We always welcome a frank statement by the witness, but, on the other hand, no evidence that is taken before this Committee can be used before any other court in this country without leave of the House of Commons.

Mr. CALDER, K.C.: I think, in addition, if the witness asks for protection of the Committee, he is protected even if an order is made by the House of Commons.

The CHAIRMAN: That is not my impression; the author of parliamentary practice does not speak about that; it is only if the witness appears to incriminate himself, he can be assisted by his own lawyer.

Mr. CALDER, K.C.: The rule is that no evidence which is elicited by parliamentary inquiry can be used as evidence, except by the permission of the House of Commons; and in addition, if he asks for the protection of the court, the evidence cannot be used, even if the order is granted by the House of Commons.

Mr. GILLMOR: In this particular case, Mr. Pike is a citizen of the United States, and if he is forced to answer certain questions which are not provided by any statute, there is no statute in the realm which would make him answer these questions otherwise. And he is in the position of a man brought before the court and liable to be sentenced. He may answer willy nilly.

Mr. CALDER, K.C.: I may say that when the House of Commons orders a Committee to investigate, they are possessed of the necessary power required to conduct the investigation; no statute can interfere with that power.

Mr. GILLMOR: There is no information which Mr. Pike has refused to give which, by any statute of the land, he is obliged to give.

Mr. CALDER, K.C.: Until he came here.

Mr. GILLMOR: Until he came here. I ask that he be given the protection of the court.

The CHAIRMAN: Granted.

Mr. BELL: No one would think the witness was in any different position, as an American citizen, from any citizen of this country; I do not think you, or any other counsel practising at the Canadian bar would think that for one moment.

Mr. GILLMOR: No, but it is an additional hardship to be incarcerated in a strange land.

By Mr. Calder, K.C.:

Q. Mr. Pike, with that statement of counsel, and the fullest protection of the Committee being granted to you, would you mind telling us exactly how the Standard Manufacturing Company, W. M. Pike & Sons, operated the one establishment in Rock Island and Derby Line? Well, tell us all about it.—A. This is a business which has been established for probably fifty years. My ancestors established it.

Q. On both sides of the line?—A. Have I said I did business on both sides of the line?

Q. (To Mr. Gillmor) I think you had better advise your client again.

The WITNESS: Maybe I misunderstood your question.

By Mr. Calder, K.C.:

Q. I am asking you if there is a Standard Manufacturing Company in Rock Island?—A. Yes.

Q. And there is a Standard Manufacturing Company in Derby Line, is there not?—A. Not necessarily. W. M. Pike and Standard Manufacturing Company are one—

Q. I understand "not necessarily;" you could close it to-morrow, if you wanted to. There is a company doing business in the United States called the Standard Manufacturing Company which is the same company as does business in Rock Island? It is the same company?—A. Yes, sir.

Q. Now, that being so, will you tell us why you do business on both sides of the line?—A. I have goods come to Derby line to the name of W. M. Pike and Son.

Q. Are they manufactured further there?—A. They are not.

Q. They are manufactured in Canada?—A. They are.

Q. What is the object of bringing them to Derby Line?—A. For this reason: in bringing goods into Canada from the United States you are obliged to put them in a bonded warehouse if you do not want to pay the duty on them when they come in, or you don't want to use them. In putting them in a bonded warehouse you are obliged to put them in in the original package. My business is a small business and it is very seldom I ever use a whole package, and in that way I can bring goods in as I want them.

Q. You mean as you want them, simply as to breaking up the parcel, or as you want them without paying duty?—A. As to breaking up the parcels.

Q. Did you ever bring them in without paying duty?—A. I have been accused of that.

Q. I didn't ask you whether you had been accused of that or not. I asked you if you had ever brought them in without paying duty.—A. Your records will show——

Q. I am asking you—— A. Yes.

Mr. CALDER, K.C.: If the witnesses would only remember that "yes," "no," "I don't know" are the safest safeguards of witnesses we would get along very well.

Mr. BELL: But not "I don't remember."

By Mr. Calder, K.C.:

Q. In 1924?—A. In 1924.

Q. In 1925?—A. I probably have a little, but very little. Since 1924 I don't consider I have smuggled enough to amount to anything.

Q. Well, in 1924 there was a seizure?—A. There was.

Q. Immediately after that seizure you destroyed all your records, did you not?—A. No.

Q. Did you not destroy your records?—A. No; they have them here. My 1924 records?

Q. No books of record prior to 1924 were produced to us?—A. No.

Q. Did you destroy your 1923 records?—A. Yes.

Q. Why?—A. I did not think I had any further use for them—no call for them.

Q. Books are not kept only for the man who keeps them; they are kept for the general public, and for the State, if required. You see, there is a general impression that a man's books are only for him, but they are for others, too—a mutual check. You destroyed them because you thought you had no further use for them?—A. Yes.

Q. Have you a record for 1924?—A. I have the sales records——.

Q. Have you the purchase records?—A. I have not.

Q. These would be the interesting records from the point of view of the Customs?—A. Might be.

Q. There is no "might be" about it; it is certain these would be the interesting records from the point of view of the Customs Department.—A. I should expect so, yes.

Q. Is that why you have not got them?—A. No.

Q. Why have you not got them?—A. Why, I didn't see I had any further use for them.

Q. This brings the uselessness of your records down to 1924? You told us that in 1925 you smuggled, but it was like the baby in Captain Marion's book, it was too little to be important?—A. Yes.

Q. How much did you smuggle?—A. I cannot say.

Q. About how much?—A. I cannot say; possibly—oh, I cannot tell you. That is something——

Q. Could you tell us within a thousand dollars?—A. Certainly; I don't expect I smuggled a thousand dollars' worth.

Hon. Mr. STEVENS: You had become a paragon of virtue.

By Mr. Calder, K.C.:

Q. What would your total smuggling in 1924 amount to, up o the time you were seized?—A. I cannot tell you. I thought that account was settled. Mr. Bisaillon came out. You have the records. I don't know. I can't tell you anything about it.

Q. Now, Mr. Pike, you are too wise, and may I say that you come from a state the inhabitants of which are reputed to be too sharp to believe that one Customs seizure which revealed actual smuggled goods on your premises for an amount on which you paid a deposit of $484.38 would represent all your smuggling activities, and that the State settled with you for the whole of 1924, because they caught you on the 6th of October. Come on, now, about how much?—A. I don't consider that is a fair question to ask me.

Mr. CALDER, K.C.: You asked for the protection of the court.

Mr. GILLMOR: Answer the question.

The WITNESS: I don't know.

By Mr. Calder, K.C.:

Q. You asked for the protection of the court, and were going to be very frank—— A. I don't know.

Q. Not even within thousands of dollars?—A. Not thousands of dollars, no.

Q. Within a thousand dollars?—A. How could I tell you?

Q. You could tell us if you had kept your records?—A. I don't know as I could.

Q. The auditors could.—A. That is the auditors' business.

Hon. Mr. STEVENS: May I interject a question before you proceed further, Mr. Calder?

Mr. CALDER, K.C.: Yes.

By Hon. Mr. Stevens:

Q. Did you have an understanding with Mr. Bisaillon that this $484.38 settled your obligations—A. I did, sir.

Q. —for everything up to that time?—A. I had no written agreement to that effect.

By Mr. Calder, K.C.:

Q. Did he tell you that?—A. I understood that.

Q. Did he tell you that?—A. I cannot say that he told me that, but that was my understanding.

Q. What did he say that led to that understanding in your mind?—A. Well, I cannot remember the exact words he said.

Q. You remember only the practical effect?—A. Sure.

By Mr. Gillmor:

Q. Was not that the impression of all these manufacturers out there?—A. It was.

Mr. BELL: How can he tell us that?

By Mr. Calder, K.C.:

Q. If it was the impression that that was a settlement, why did they all simultaneously destroy their books? Why should you destroy your books when you have settled with your creditor? That is a poser, isn't it?—A. Have you asked me that question?

Q. Yes.—A. Why did I destroy the books?

Q. No. Mr. Gillmor has suggested to you, and you have approved the suggestion, that all the people at Rock Island had the same impression from Mr. Bisaillon. You said "Yes." Now, I ask you would it be reasonable they would all have that impression, and at the same time all simultaneously destroy their records?—A. I don't see that there is any further use for them.

Q. Might I suggest to you that if it was not a settlement, and they understood it was not a settlement, they might destroy their books in order to avoid further collections, whereas, if they thought it was a settlement, and had a common basis for believing it, they would not destroy their books, because the collection would not be made. That is reasonable, is it not? Eh? It is reasonable?—A. Oh yes, I suppose so.

By Hon. Mr. Stevens:

Q. When you made that payment of $484 to Mr. Bisaillon in settlement, was that all you paid him, or did you pay him some more?—A. That was all I paid him, sir.

By Mr. Calder, K.C.:

Q. Would you say $5,000 worth was smuggled in 1924?—A. No.

Q. Four thousand?—A. No.

Q. Three thousand?—A. I cannot see why I should be asked these questions.

Mr. BELL: Please do not comment that way, witness. If your counsel objects, we will consider the objection.

The WITNESS: All right.

By Mr. Calder, K.C.:

Q. $3,000?—A. No.

Q. $2,000?—A. I don't know.

Q. Oh, when we get near the figure, you don't know?—A. (No audible answer.)

By the Chairman:

Q. Is it about $2,000?—A. I don't know. It might be that. I have no way of telling.

Q. Would you swear that you did not smuggle in $2,000 worth?—A. For less than $2,000?

Q. No, for $2,000?—A. Will you repeat that question?

Question read.

The WITNESS: More than $2,000? I cannot swear to it, no.

By the Chairman:

Q. $1,900?—A. How can I swear to these things?

By Mr. Gillmor:

Q. From your general memory?—A. You mean in 1924?

By Mr. Calder, K.C.:

Q. Yes.—A. I don't know. I cannot understand how I can answer that question.

By the Chairman:

Q. Forget for a moment that you should be obliged to pay Customs duty and sales tax, and answer it.—A. It might be $1,000 or $1,500.

Q. $1,000 or $1,500?—A. Yes.

Q. In 1925, about $1,000?—A. No.

Q. About how much?—A. A small amount. I cannot say. Maybe $100; maybe $150; I don't know.

By Mr. Calder, K.C.:

Q. You say you have your records for 1924?—A. I have what the auditors have now.

Q. Have any of these records for 1924 been destroyed?—A. No.

Q. None?—A. You mean what the auditors went through?

Q. No. Have any of the records which you kept in 1924 been destroyed?

By the Chairman:

Q. And shown to Mr. Bisaillon?—A. Yes. I have no purchases.

By Mr. Calder, K.C.:

Q. The purchases are destroyed?—A. Yes.

Q. Your cheques are destroyed—for payments?—A. They are.

Q. When did Mr. Daly make up your profit and loss statement for the year—at the end of the year?—A. At the end of the year 1924? Yes.

Q. How was he able to make that up from the records you had?—A. Probably on figures which I gave him.

Q. From memory?—A. Possibly.

Q. Was it? Don't say "possibly" or "maybe", or "it might have been". Either say "yes" or "no" or "I don't know". Be square with us.—A. Yes.

Q. You are under oath, and when you say "possibly" you know very well what the fact is. Now tell us what the fact is.—A. What do you want me to tell you?

Q. I asked you how Mr. Daly made up your profit and loss statement, and balance sheet for 1924; whether he made it up from figures you supplied to him, and you said "yes". I then asked you if you supplied them from memory, and your answer was "possibly". Now, were they supplied from memory or not?—A. Some were supplied from memory; some were supplied from records.

Q. Is your memory good enough now to tell us what the purchases were that you turned into him for the purpose?—A. It is not.

Q. It took you some time to produce your American records to the auditors?—A. Not that I am aware of.

Q. The American bank account?—A. Not that I am aware of.

Q. Your American bank account; it took you some time to produce that after the first time you were asked?—A. I did, several days.

Q. Several days?—A. Yes.

Q. Why?—A. Because the auditor came in and made a demand on me for that.

Q. Having made a demand on you for that it took you several days before you—

Mr. GILLMOR: Let him finish.

Mr. CALDER, K.C.: No, before that, let him be reasonable in his answers.

By Mr. Calder, K.C.:

Q. The auditors came in and asked you for the account and then it took you several days before you moved in the direction of getting it for them?—A. It did not, sir.

Q. Did it not?—A. No, sir.

Q. Tell us what happened?—A. The auditors came in and made demand on me for my American bank. I took it under advisement. I was called away that afternoon that they were in, I advised Mr. Pelling, your auditor, I was going out of town and told him when I expected to be back. I was back the day following that I expected to be back. He did not come in until, I think, the following week to ask me what decision I had made.

Q. Why did you take it under advisement?—A. I wanted to ask my counsel.

Q. And I daresay it was upon counsel's advice that you gave a letter authorizing the examination of the bank account at Derby Line?—A. No, sir.

Q. Your counsel advised you not to do it?—A. I did not ask my counsel for that.

Q. Did you take it under advisement in order to get counsel's advice and you did not get counsel's advice?—A.No.

Q. You gave a letter anyway?—A. I think that you are mixing something up a little there.

Q. Am I?—A. Yes, if you are asking me—

Q. Unmix it.—A. If you are asking me questions, or the request that the auditors had made of me, to write a letter to the president of the bank, American bank where I did business.

Q. Yes.—A. That is a different thing, that I asked no counsel for.

Q. Exactly, we understand that; that is what I understood.—A. Yes.

Q. You were merely advised by counsel as to your general conduct in respect of the auditors?—A. Yes.

Q. Then you gave a letter?—A. I did.

Q. To the auditors, requesting the banker to give the communication of the bank account at Derby Line?—A. I did not give it to the auditors, I gave it to the president of the bank.

Q. You handed it to the auditors to be taken there?—A. I did not.

Q. You gave him a letter; before giving him the letter did you see him, did you ask him not to comply with the request?—A. I did not.

Q. How did he come not to comply with it?—A. I do not know, the auditors saw him.

Q. Yes.—A. They ought to be able to know that.

Q. Who knows as well as you, Mr. Pike?—A. Well, he gave them their answer, did he not?

Q. I want to know who suggested he should give that answer?—A. Not me, sir.

Q. Was it your counsel?—A. No, sir.

Mr. GILLMOR: No, sir.

Mr. CALDER, K.C.: You are not practising in the United States?

Mr. GILLMOR: I am his counsel.

Mr. CALDER, K.C.: I know you would not have given that advice; you are too wise.

By Mr. Calder, K.C.:

Q. Why did you not get the bank account and give it to the auditors?—A. I gave them what I had of it.

Q. Why did you not get the whole of it and give it to the auditors?—A. They did not ask me until they asked me for a letter to the bank, to go to the bank and get it.

Q. When you found the bank would not give it to the auditors direct, why did you not get it from the bank and give it to the auditors yourself?—A. I do not know.

Q. Would it have been inconvenient?—A. Not so.

Q. I put it to you, it would have been inconvenient, in view of the instructions you had given the banker?—A. You say I gave instructions to the banker?

Mr. GILLMOR: He has not said he gave instructions.

Mr. CALDER, K.C.: I did not say he said it.

By Mr. Calder, K.C.:

Q. I am putting it to you?—A. You ask me if I gave instructions to the banker?

Q. Yes.—A. I did not.

Q. Is it a rule in the United States to refuse communication of a bank account upon an order from their client to communicate it?—A. I do not know.

By Hon. Mr. Stevens:

Q. How is it that all of you witnesses, the most of whom, I think every one of whom have admitted smuggling, tell us this same—I was going to say ridiculous—story; that you hand the auditor a letter authorizing your bank to give particulars and uniformly the bank refused?—A. I could not tell you that, sir, it is up to the bank.

Q. No, it is not, it is up to you witnesses, you business men doing business in Canada, to explain that, everyone of you.

By Mr. Bell:

Q. Did you give the letter in good faith?—A. I did, sir.

Q. Then, you hoped and expected the bank would supply the account, did you not?—A. Yes.

Q. And having learned that the bank disappointed you and did not supply the account, which you had expected and hoped it would give, did you remonstrate with the bank?—A. I did not, sir.

Q. Then, it is a little difficult to follow you, when you say that you hoped and expected it would be given, is it not?—A. Yes, I think it is.

Q. Yes, I agree with you.

By Mr. Calder, K.C.:

Q. You say you hoped it would be given?—A. I think I answered, didn't I?

Q. All right, repeat it. Did you say, just now, you hoped the information would be given?—A. I did.

Q. And believed it would be given?—A. No; did I say "believe"? Did you say "believed it would be given"?

Mr. BELL: "Expected," was the word I used.

The WITNESS: I misunderstood you, then, I did not expect it would be given.

By Mr. Calder, K.C.:

Q. And you told the auditors when you gave them the letter you did not expect it would be complied with?—A. I did.

Q. How did you know it would not be?—A. From——

Q. From your conversation with the Manager of the Bank?—A. No, sir.

Q. Who told you that it would not be given?—A. I understand that this request has been made before and the bank refused to give it.

Q. The bank refuses to give the third parties, without the authority of the person banking with them; that is quite reasonable and proper—bank tellers are so called because they do not tell anything. Did you ever know of a single occasion before this inquiry arose when bankers refused to communicate——

Mr. BELL: To auditors.

By Mr. Calder, K.C.:

Q. To auditors, upon instruction from their client?—A. I do not know as I quite understand all that, I wish you would repeat that.

Q. It is not very long, we will repeat it; I will repeat it for you again. Do you know of any occasion, outside of this one, when the bank refused to communicate to the auditor a client's bank account when the client himself requested that it should be communicated?—A. I do not.

Q. No. Well, if you had never heard of such an incident, who told you that it would occur?

Mr. GILLMOR: What is that again, Mr. Calder.

Mr. CALDER, K.C.: He never heard of any similar incident ever occurring before this inquiry. Who told him it would occur in this instance?

Mr. GILLMOR: He said it had occured.

Hon. Mr. STEVENS: Let him answer himself.

The WITNESS: I never had occasion to know where auditors had demanded those things.

By Mr. Calder, K.C.:

Q. All right, and the matter never came up in your mind at all?—A. No.

Q. Before this incident?—A. Before——

Q. It never came up in your mind at all before you gave that letter?—A. Why, yes.

Q. That the bank might refuse?—A. Oh, certainly; I have just answered that before.

Q. What is the origin of your information?—A. What?

Q. What is the origin of your information?—A. Why, just what I have told you before.

Q. You told us nothing at all about the origin of that information.—A. I do not just understand what you mean.

Q. Who told you or led you to expect that the bank would not give the auditor communication of the account?—A. Why, didn't I just say that somebody else, I had heard that some other firms there had, they had had letters from this bank that they refused to give it.

Q. What one?—A. What firm?
Q. What firm?—A. The Rock Island Overall Company.

By Mr. Bell:

Q. It was not true, as you told me, you hoped and expected the information would be given?—A. I do not understand that, Mr. Boivin.
Q. Do not call me names.
The CHAIRMAN: It is Mr. Bell.
The WITNESS: I beg your pardon, I am not acquainted with this Committee.

By Mr. Bell:

Q. What you say then is that you did not understand what I asked you, when I asked you if you hoped and expected the information would be given? —A. I did not understand that question.
Q. Never heard the word "expected" before, I suppose?—A. Oh yes, certainly.
Mr. CALDER, K.C.: That is all.

By Hon. Mr. Stevens:

Q. Your last answer regarding the Rock Island Overall Company, informing you that the bank would refuse, would indicate that there was an understanding between the various companies at Beebe Junction and Rock Island having accounts south of the line, that such account would not be open to this investigation?—A. Why, I don't think there was any understanding, no sir. That is the indication that I have heard.
Q. If that be so; I am asking you this; that would indicate, would it not, that there was an understanding?—A. Why, no, I should not think that would indicate that.
Q. Did you discuss it with these other companies?—A. I discussed it with one.
Q. Did you discuss it with more than one?—A. No.
Q. Just the Rock Island Company?—A. Yes.
Q. And they declared to you that the bank would refuse?—A. They had a letter to that effect, I understand.
Mr. GILLMOR: That the bank had refused.
WITNESS: That the bank had refused, yes.
Mr. CALDER, K.C.: May I suggest that the same order be given to this witness for the production of his bank account.
Hon. Mr. STEVENS: Yes, put it to him.

By Mr. Calder, K.C.:

Q. Will you undertake to produce your bank account in the National Bank at Derby Line, or the equivalent monthly or quarterly statements for 1924 and 1925 and 1926, as far as we have gone?—A. I have produced some of these. You mean the ones I have not produced?
Q. Yes.—A. Yes.
Q. The statement with the cancelled cheques and the deposit slips. The cancelled cheques we do not expect, but the deposit slips are there, and you can require copies of your deposit slips. Produce those, too.

By Mr. Bell:

Q. One other thing I would like to get clear. You told Mr. Calder that all cheques prior to 1924 had been destroyed?—A. Yes.

Q. Are we to conclude that you had in your possession, no receipts for any accounts paid from 1920?—A. Are you to conclude, what?

Q. Are we to conclude that you had in your possession no receipted accounts between 1920 and 1926?—A. No; between 1920 and 1926?

Q. Yes.—A. Yes, I save some.

Q. Outside of 1925 have you any?—A. I have none.

Q. You know you strike me as being a pretty shrewd man of business. Now it is incomprehensible to me that a man such as you seem to be would have destroyed all cancelled cheques, and preserved no receipts, and thereby put yourself at the mercy of anybody who wanted to say you had not paid accounts, even of magnitude. That is my impression. Now, I would be glad if you can correct it in any way.—A. Well, I don't know how I can correct it. I have just told you what I have, and what I have not.

Q. So that you have virtually laid yourself open to have every account that you paid between 1920 and 1924 collected from you again?—A. Yes, if the firms that I have dealt with want to do that.

Q. If they want to do that?—A. Yes.

By Hon. Mr. Stevens:

Q. And you think that is good business?—A. That is good business.

By Mr. Bell:

Q. Don't you think it is absurd for any business firm to do a thing like that, and don't you think it is absurd for you to expect us to believe it?—A. Well, it is the truth. I am telling you the truth. That is the only thing I can say.

By Hon. Mr. Stevens:

Q. There is only one possible explanation of it that I can see; and this applies to your case as it applies to others who have preceded you; and that is a deliberate desire and intent to hide from the Canadian Customs authorities information that would lead them to discovering how much you have smuggled, and I cannot see any other conceivable reason in a sane man's mind for doing such a thing.—A. (No audible answer).

The CHAIRMAN: You are relieved. Is that all?

Mr. CALDER, K.C.: No, there is one more company.

Hon. Mr. STEVENS: Mr. Pike, you will deal with the auditors.

Mr. CALDER, K.C.: The next is Telford Brothers Garment Company, the witness in which is Mr. T. O. Chapman.

The CHAIRMAN: Known as the Telford and Chapman Company, is it?

Mr. CALDER, K.C.: Oh, yes, the witness is S. B. Telford; I stand corrected.

S. B. TELFORD called and sworn.

Mr. CALDER, K.C.: Will you listen to this report of the Telford Brothers Garment Company?

"Telford Brothers Garment Company

This company has been in business in Rock Island for a number of years, the sole proprietor at the present time being S. B. Telford. The company has since 1919 manufactured bathrobes, night-robes and pyjamas.

Sales—

The sales of the company for the years 1924 and 1925 appear to have been as follows:

1924—$22,600 (taken from Sales Tax Returns).
1925—$20,173.18 (taken from a "Day Book").

This company's records are very incomplete, there being no accounts kept with either customers or creditors. A number of purchase invoices were on file, and appeared to cover all the purchases for the year 1925. These were checked against statements obtained by us from the United States dealers and found to be complete with the exception of five cases received from Beacon Manufacturing Company amounting to $1,095.52. Mr. Telford, however, states that these five cases are still held in his warehouse at Derby Line, Vt. While he refused to allow us to verify this statement he undertook to, within a week, either put them in bond in Canada or clear them for duty.

In respect to all the other purchases we found that customs entry had been made and duty paid, the invoices from the United States dealers being used for the purpose.

Prior to 1925 the purchases from United States dealers were shipped to Telford Bros., Derby Line, Vt., and were later reinvoiced by Telford Bros., Derby Line, to Telford Bros., Garment Company. (The only exception appears to have been purchases from one particular United States dealer in which case the goods were shipped in bond to Rock Island direct.)

The shipments made by freight to Derby Line could not all be traced through the Canadian Customs as they are said to have been stored in a warehouse at Derby Line and later broken up and brought over in small lots. This would account for the number of small shipments which we found had been passed through Canadian Customs. Under these circumstances the Canadian Customs entries prior to 1925 do not correspond individually with the deliveries at Derby Line, Vt. We can only give the following comparisons:

The total value at United States invoice prices of the deliveries at Derby Line for the three years ending 31st March, 1926, is approximately		$15,897
Whereas the total value of goods passed through Canadian Customs (exclusive of direct shipments in bond referred to above), as shown by the Customs Records at Rock Island was		7,247
Difference		$ 8,650
Of this, the five cases referred to *re* 1925 purchases would, provided they are still at Derby Line, account for	$1,095	
and the seizure file (122690) shows that there was collected through Inspector Bisaillon $1,523.48 in October, 1924 on goods with a value for duty of	1,149	2,244
Leaving to be accounted for		$6,406

Mr. Telford claims that he has in his warehouse at Derby Line a large quantity of Beacon cloth for which there is at present no market, but he refused to permit us to verify this statement by making an examination as to what goods were on hand in that warehouse.

Bank Accounts.

The business had an account with the Royal Bank of Canada, at Rock Island. We saw all the cheques drawn on this account during 1925 and found that a number of them covered funds transferred to an account

in the company's name in the National Bank of Derby Line, Vt. Mr. Telford, however, states that the Derby Line bank account was for his United States business but he has declined to give us access to any record of this account or to any books relating to any business carried on in the United States.

Sales Tax.

Returns appear to have been regularly made each month but in the absence already referred to of the sales and other book records, we are unable to state whether or not the returns were properly made.

Income Tax.

Mr. Telford claimed that he had made return of these taxes but that he had not at any time kept copies of the returns. There were no balance sheet or profit and loss statements such as would be required for these returns either on file or recorded in the books.

Seizures.

The Department's files show seizures as follows:

No. 80110	Deposit—December, 1912..	$ 390.00 forfeited.
No. 122690	" October, 1924.....	1,523.48 forfeited."

Q. Now, Mr. Telford, what possible objection could you have to allowing the auditors then and there to proceed to your warehouse and check the stock then and there being, according to your statement?—A. On principle, and because—

Q. On principle?—A. On principle.

Q. Would it not be lack of principle?—A. When Mr. Bisallion was there and his other help they checked up and we made a settlement, and Mr. Bisallion, or whatever his name is, said to me, "I am going to fix this so that there will be no comeback, and I ask you to put these goods in the King's warehouse until you get a place for them that I have checked up."

Q. In the King's Warehouse at Derby Line?—A. No, on the Canadian side, a bonded warehouse.

By the Chairman:

Q. Where, in Farnham?—A. No.

Q. Where?—A. Rock Island, of course.

By Mr. Calder, K.C.:

Q. And he was "going to fix this so that there would be no comeback"?—A. That was his very word.

Q. Did you understand by that by paying the sum of $1,503.48 the past was wiped out?—A. I did.

Q. Was there a general understanding to that effect?—A. There was, at that time.

Q. Tell me, in that event why were the records destroyed?—A. They were useless after that, at least I considered them so. There was an accumulation.

Q. Did he tell you to destroy the books so that there would be no comeback?—A. No.

Q. Did he hint that that would be a good story?—A. No, he did not say such a thing as that.

Q. Did you consult with the other manufacturers at Rock Island and agree that that was a good way?—A. No, I did not confer with anybody.

By Hon. Mr. Stevens:

Q. You will be greatly comforted to know that all the others did the same thing?—A. I suppose lots of them all over the country did the same thing.

By Mr. Calder, K.C.:

Q. Do not rob Rock Island of its distinction?—A. That is all right; the others may not have been investigated properly.

Q. But we are a little bit far away from the first question I asked you; I asked you what possible objection could there be to your allowing the auditors to go over to your warehouse at Derby Line and check over the goods from the Beacon Manufacturing Company, which you stated were there and which would satisfactorily account for the difference?—A. The goods were in a foreign country, and they had nothing to do with that sale on this side of the border.

Q. Were they not subject to your order, in a foreign country?—A. Yes, and I am a resident of the foreign country.

Q. Was not your justification that the goods were there in a certain quantity?—A. Yes.

Q. Was not the justification for the difference between what you had purchased and what had been brought in, what was at Derby Line?—A. I did not check it thoroughly.

Q. But was not that the idea of it?—A. That was the idea of it.

Q. Then why refuse the auditors a sight of goods that would have corroborated your statement?—A. They were out of their jurisdiction, absolutely.

By Hon. Mr. Stevens:

Q. You see where you are putting yourself; you are destroying the only sane, frank and decent reason you have for saying that you were smuggling that amount?—A. I did not smuggle it.

Q. But you refused the auditors?—A. I admitted that I had smuggled.

Q. But you refused the auditors?—A. Yes.

Q. And you admitted that you had smuggled?—A. Yes.

By Mr. Calder, K.C.:

Q. Did you admit the amount?—A. It was up to the collector to say what I had to pay.

Q. Without any help on your part? If that was the principle and they had no jurisdiction, why did you promise to let them see them a week later; were you going to fill up?—A. I did not promise any such thing. They checked off the goods they checked in bond, as he asked me to put them in the King's warehouse.

Q. That was unconditional, and you refused to permit us to verify this statement by examining the goods in the warehouse?—A. Yes.

Q. And you still refuse?—A. Yes.

Q. If the Parliament of Canada were to put you out of business, it would not be doing any harm?—A. I am trying to go straight.

Q. The only thing I have against you in this report, to my mind, is the fact that you did not allow the auditors to verify this account?—A. Yes.

Q. And I still say that if you do not allow them to verify this amount, you will not be believed?—A. That is up to the Committee. I have heard things often that I did not believe.

Mr. BELL: But not in your position, witness.

By Hon. Mr. Stevens:

Q. You said a moment ago that you had smuggled?—A. I admitted that, in the settlement.

Q. You refused to tell Mr. Calder, after I asked you; how much did you smuggle during 1925?—A. I did not smuggle anything in 1925.

Q. Nothing at all?—A. Nothing at all. I am not smuggling now. I am out of the business, and intend to stay out of it.

Q. That is a good resolve. Why be ashamed or afraid to show our auditors the inventory we refer to?—A. Because the goods are absolutely out of the jurisdiction, in a foreign country.

Q. That is no answer at all?—A. I cannot help that.

By Mr. Calder, K.C.:

Q. That is the very question we want to solve, whether they are there or not. The auditors' deduction is that the goods came in?—A. I cannot help that.

Q. You say that they did not come in, that they are still in Derby Line, and you refuse to the Committee the only proof that would be good between you? —A. I have the settlement in 1924.

By Mr. Bell:

Q. We are not talking about 1924?—A. 1925. I had it in the fall of 1924.

Q. You know that is not any good now?

By Mr. Calder, K.C.:

Q. There was an official of the Government that had power and authority to settle such things?—(No answer).

Hon. Mr. STEVENS: That has nothing to do with it, Mr. Telford, and you know it.

By Mr. Calder, K.C.:

Q. The auditors find that you have deliveries in the United States, and they stay at Derby Line, $15,897 worth of goods?—A. I do not know about that.

Q. They show that you passed through the Customs legitimately $7,247 worth, and there are five cases which you offered to show the auditors after a delay. I may say, that they give you the benefit of $1,095, and you paid Bisaillon on goods worth $1,149. Taking all that into consideration, there are $6,406 which the auditors surmise you passed and paid for?—A. Yes.

Q. Now, you say that is not true; not a legitimate conclusion, because you have the goods at Derby Line. I will simply ask you this; show us the goods, and we will believe you. You say that it is not reasonable that you should comply with that request?—A. It is not reasonable; it is in a foreign country.

Q. It is not reasonable because the goods are not there; I put that to you? —A. Well.

Q. Did you buy any goods from Jenkins?—A. Perhaps a piece of something for lining.

Mr. CALDER, K.C.: I do not know what the Committee will do about this.

Mr. BELL: It is not a matter of asking for further information; it is a matter of dealing with the situation as it is.

Mr. CALDER, K.C.: It is a flat refusal to this Committee.

Mr. BELL: I think this Committee should report the words of this witness to the House of Commons, and have the witness dealt with, to-morrow.

By the Chairman:

Q. Have you a warehouse in the United States, near Derby Line?—A. Yes.

Q. Is there anything in it?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. Is there $6,000 odd, worth of goods in it now?—A. I can't say.
Q. Is there anything in it?—A. I can't say.

By the Chairman:

Q. Do you refuse to show the contents of this warehouse to the auditors?—A. Yes, I can't do that.
Q. You refuse positively?—A. I can't do that.
Q. Why can't you do it?—A. It is in a foreign country, and is absolutely out of the jurisdiction.
Q. You go there when you want to?—A. I live over there.
Q. You live over in the United States?—A. Yes, sir.

By Hon. Mr. Stevens:

Q. Your business is on this side of the line?—A. Yes, sir.

By the Chairman:

Q. You are a British subject?—A. Yes, sir.
Mr. BELL: The situation is perfectly plain.

By the Chairman:

Q. You refuse positively?—A. At the present.
Q. You refuse to comply with the order of the Committee to show the contents of this warehouse at Derby Line to our auditors, or any official delegated by this Committee?—A. Yes. I do it on the authority of a good attorney.

Mr. DOUCET: You will have to consult your attorney, and report to-morrow, to abide by the decision of the House of Commons.

Mr. BELL: I do not think the witness should remove himself from the jurisdiction; he ought to stay right here.

By the Chairman:

Q. You will report here to-morrow morning at half-past ten o'clock?—A. Yes.

The CHAIRMAN: Between nine and half-past ten o'clock to-morrow morning, I advise you to go and consult a lawyer in Ottawa; he may give you better advice than that you should refuse to answer; think it over to-night.

By the Chairman:

Q. You refuse to obey?—A. No, I am not refusing to obey. In what way?
Q. To open that warehouse.—A. In Derby Line.
Q. You must realize it is not a question of jurisdiction; it is only a question of goodwill. You have only to cross the border with our officer, open that warehouse and let him see what is inside of it.

Mr. CALDER, K.C.: Just as you would show a man a piano in the parlor.

The WITNESS: It is very much different, altogether; it is stored in a foreign country.

By Hon. Mr. Stevens:

Q. Do you refuse, or do you consent?—A. I am not showing it now, no.

Mr. BELL: He has refused six or seven times.

The CHAIRMAN: You conduct will be reported to the House of Commons, and an order may be immediately issued by the Speaker that you be ordered to remain in the custody of the Sergeant-at-Arms, in the tower; that is what you expose yourself to. You will report here at half-past ten to-morrow morning.

By the Chairman:

Q. You will not say you have not been warned?—A. No.

Hon. Mr. STEVENS: Mr. Telford, you may leave the box for a moment.

Witness stands aside.

Mr. CALDER, K.C.: May I put Mr. Nash in the box to correct an impression with regard to American banks.

A. E. NASH recalled.

By Mr. Calder, K.C.:

Q. Mr. Nash, you are already sworn. You have conducted a great many investigations which involved examining records in American banks?—A. I have audited American concerns, and American companies, yes.

Q. Do you know of any occasion, except the one at Rock Island, upon which, having received an order upon the bank from the person under investigation, you were refused by the bank to examine that account?—A. No. Our experience with American banks is that they do the same as Canadian banks; when their customer requests them to give us information as to balances and loans, they give it in the same way as do the Canadian banks.

Q. Of course, if that order does not make the bank produce the records, an order can be required from the court?—A. Yes, the same as in connection with the Canadian banks.

By Mr. Bell:

Q. What happened in this case, with the bank?—A. The American bank refused to give us the information; they stated that even with the order from the customer they were not in the habit of giving the customer's business to anybody else, and absolutely refused to give us that information.

Witness retired.

The Committee adjourned until Friday, June 4, at 11 a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 61—FRIDAY, JUNE 4, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. C. B. Alexander, Customs-Excise Preventive Officer, Toronto.,
Mr. George R. F. Troop, Messrs. Clarkson, Gordon & Dilworth, Chartered Accountants, Toronto.
Mr. William L. Hicklin, Chief Clerk, Preventive Service, Montreal.
Captain Ulric Tremblay, Master of Barge "Tremblay", Quebec, P.Q.
Mr. S. B. Telford, Messrs. Telford Bros., Rock Island, P.Q.
Mr. E. F. Ladore, Assistant Secretary, Hiram Walker & Sons, Ltd., Walkerville, Ont.
Mr. W. J. Brown, Excise Officer, Walkerville, Ont.
Mr. A. J. Belleperche, Customs-Excise Officer, Walkerville, Ont.
Mr. Jay Turner, President, Snag Proof Ltd., Beebe, Que.

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1926

EXHIBITS FILED

No. 213—"Goodman" khaki shirt, G-29, bought in Winnipeg.

No. 214—"Goodman" grey shirt, G-16, bought in Winnipeg.

No. 215—Correspondence seized by Customs Officer C. B. Alexander from Mr. W. H. Hovey, Winnipeg agent for Jenkins Overalls Limited, Rock Island, Que.

No. 216—Wholesale and retail price lists of Jenkins Overalls Limited, Rock Island, Que.

MINUTES OF PROCEEDINGS

FRIDAY, 4th June, 1926.

The Committee met at 11 a.m., Mr. Mercier, the Chairman, presiding.

Present: Messrs. Bell, Donaghy, Doucet, Kennedy, Mercier, St. Pere and Stevens—7.

Committee counsel present: Messrs. Calder and Tighe.

The minutes of yesterday's meeting (up to 6 p.m. only) were read and adopted.

The following witnesses in attendance were released until further required:
Mr. H. S. Pocock, Beebe, Que.
Mr. D. J. Sandilands, Rock Island, Que.
Mr. George Boisvert, Rock Island, Que.
Mr. W. J. Gilmore, Rock Island, Que.
Mr. H. F. Gilmore, Rock Island, Que.

The names of the following witnesses being called, only the last-named responded:
Mr. Allan J. Moore, Rock Island, Que.
Mr. C. J. Marois, Rock Island, Que.
Mr. C. J. Jenkins, Rock Island, Que.
Mr. T. O. Chapman, Rock Island, Que.
Captain Tremblay, Quebec, Que.

Moved by Hon. Mr. Stevens,—That Mr. F. Wexler, Ottawa, be summoned to appear on Monday morning, June 7, and to bring and produce all business books and records in his possession.

Motion agreed to.

At the request of Mr. Bell, Mr. Calder read part of and filed,—

Exhibit No. 212—Copy of correspondence between Mr. M. W. Baldwin, Hon. Mr. Bureau and Mr. Bisaillon re preventive service at Rock Island, Que.

Mr. C. B. Alexander, Custom-Excise Preventive Officer, Toronto, was recalled and sworn. He filed,—

Exhibit No. 213—"Goodman" khaki sirt, G-29, bought in Winnipeg.
Exhibit No. 214—"Goodman" grey shirt, G-16, bought in Winnipeg.
Exhibit No. 215—Correspondence seized by Customs Officer C. B. Alexander from Mr. W. H. Hovey, Winnipeg agent for Jenkins Overalls Limited.

Witness discharged.

Mr. George R. F. Troop, Messrs. Clarkson, Gordon & Dilworth, Chartered Accountants, Toronto, was recalled and filed,—

Exhibit No. 216—Wholesale and retail price lists of Jenkins Overalls, Limited, Rock Island, Que.

Witness retired.

Mr. William L. Hicklin, Chief Clerk, Preventive Service, Montreal, was recalled and examined as to alleged withdrawals from the border of the R.C. M.P.

Witness retired.

Captain Ulric Tremblay, Master of Barge Tremblay, Quebec, was called and sworn, and examined in French, interpreted by Mr. Beauchamp, respecting the seizure of said barge.

Witness retired.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Mr. Bell raised the question of the continuation of the examination of Mr. S. B. Telford of Rock Island, Que., examined last evening and released then until to-day. Mr. Calder stated he had caused the arrest of Mr. Telford under section 219 of the Customs Act, and that Mr. Telford is being detained until to-morrow without bail. After discussion, Ordered,—that Mr. Telford be sent for forthwith for further examination.

Captain Ulric Tremblay was recalled and his examination was continued.

Witness stood aside.

Mr. S. B. Telford of Messrs. Telford Brothers, Rock Island, Que., was recalled. Mr. J. E. Caldwell of Ottawa was in attendance as counsel for Mr. Telford. Mr. Calder intimated that in order to comply with the wishes of the Committee, witness would have to go to his warehouse with Mr. Knox, Customs Preventive Officer, and have the warehouse opened and checked as to contents to-morrow.

Witness stood aside.

Captain Ulric Tremblay was recalled, and examination continued.

Witness stood aside.

Mr. S. B. Telford was recalled. Witness agreed to go immediately to his warehouse with Mr. Knox, open it, and have the contents examined to-morrow.

Witness retired.

Captain Ulric Tremblay was recalled and his examination was concluded.

Witness discharged.

Mr. E. F. Ladore, Assistant Secretary, Hiram Walker & Sons, Limited, Walkerville, Ont., was called, sworn and examined in respect to a shipment to Ensenada, Mexico, of 6,000 cases of liquor.

Witness discharged.

Mr. W. J. Brown, Excise Officer, Walkerville, Ont., was called and sworn.

Witness discharged.

Mr. A. J. E. Belleperche, Customs-Excise Officer, Walkerville, Ont., was called, sworn and examined in reference to the shipment to Ensenada, Mexico, of 6,000 cases of liquor.

Witness discharged.

Mr. W. J. Brown was recalled and examined respecting the method of shipping liquors from distilleries.

Witness discharged.

Mr. Jay Turner, President, Snag Proof Ltd., Beebe, Que., was recalled, sworn and examined in regard to the examination of his books made by the Auditors to the Committee.

Witness released subject to recall.

Mr. Calder filed,—

Exhibit No. 217—Schedules referred to in Tenth Interim Report of the Auditors to the Committee.

At Mr. Nash's suggestion, Ordered,.That the current books of Snag Proof Ltd. be returned to Rock Island.

The Committee adjourned until Monday, 7th June, at 10 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

FRIDAY, June 4, 1926.

The Special Committee appointed to investigate the Department of Customs and Excise, and charges relating thereto, met at 11:00 A.M., the Chairman, Mr. Mercier, presiding.

Mr. CALDER, K.C.: This is the auditors' report of Telford and Chapman, Limited. (Reads):

"TELFORD AND CHAPMAN LIMITED

This company was incorporated in July 1914. It operates a woollen mill at Ways Mills, Que. and a garment factory at Rock Island.

Some of the transactions are carried on under the name of the Imperial Garment Company, which operates as a jobbing company selling both woollen and cotton goods. This latter company also purchase goods from Jenkins Overalls Limited but all the purchases and sales of both Telford & Chapman Limited and Imperial Garment Company are recorded in the books of Telford & Chapman Limited without any clear cut separation as to the two companies.

Sales

The combined sales for three fiscal years ended 10th May were as follows:

1923	$103,282 00
1924	176,720 00
1925	152,176 00

For the reason that sufficient particulars were not always given on the sales invoices duplicates we were unable to ascertain the volume of cotton goods sales as distinguished from the sales of woollen goods. But we understand from Mr. Chapman that the cotton goods represent approximately 15 to 25 per cent of the total.

Included in the purchases made by Imperial Garment Company from Jenkins Overalls Limited, Rock Island, were certain garments designated as G-1, G-16, G-29. According to the information referred to in the portion of our Report dealing with prison-made garments these particular garments appear to be products of the Reliance Manufacturing Company, said to be manufacturers of and contractors for prison-made garments in the United States.

Importations from the United States

Many of these were shipped direct from the United States vendors to the company at Rock Island but others appear to have been shipped to the company at Derby Line, Vt. where the company rented part of a warehouse in which presumably such goods were held till required by the Canadian factory. Mr. Chapman stated that he was unable to give us access to this warehouse because he only shared it with another person.

It further appears from the Customs Office records that in a number of cases such warehoused goods would, when shipped to the Canadian Factory, be invoiced as from Telford & Chapman Limited as exporters. Where this was done we were informed by the sub-collector, Mr. N. C. Knight, that the original invoice would have to be produced before the goods could be cleared through the Canadian Customs.

Our examination of the purchase invoices on file showed that Customs entry has been made in all cases except one amounting to $493.00 in May 1924, which so far we have been unable to find on the record as furnished by the Customs officer.

Sales Tax

The company's records as to sales made consisted of duplicates of the Sales Invoices and appeared to be complete for the period of almost three years examined by us. We used these records to make tests of the accuracy of the Sales Tax returns which were filed monthly by the company and in all cases found them to be in agreement.

Income Taxes

Copies of the Income Tax returns for 1924 and 1925 are on file and are in agreement with the Profit and Loss statements for those years produced to us.

Bank Accounts

In addition to a bank account carried at Rock Island the company kept an account with the National Bank of Derby Line, Vt. We did not see the cheques drawn on this bank as Mr. Chapman states that he has been unable to locate them. We found, however, in the bank statements amounts charged to the account which correspond with settlements for purchases as recorded in the ledger and on which duty has been paid."

Lest there should be any misapprehension, Mr. Nash states that bank statements were on the premises of the company complete, and were used by them.

"*Seizures*

According to the files of the Department these were as follows:

No. 80110—1912 Deposit $306.85—forfeited.
No. 122691—1924 Deposit $1,855.00—forfeited."

Attention may be called to the fact, as outlined on page 8, that that is the first place in the report where there appears to be some certainty of the importation of prison-made goods; which are designated as G-1, G-16, G-29. I tell you that because you have not the report in your hands. That is in the fourth paragraph on page 8 of the supplement to the Tenth Interim Report.

There is only one thing about this report in regard to which Mr. Chapman may be able to enlighten us, namely, the reason why he refused to give access to the warehouse. Outside of that, there appears to be a fairly clean bill; except for the prison-made goods. These records were not destroyed.

Hon. Mr. STEVENS: This report goes in unchallenged.

The CHAIRMAN: That is what I said.

Mr. CALDER, K.C.: I will continue with the report:

JENKINS OVERALLS LIMITED

Jenkins Overalls Limited was incorporated in December, 1922, under Dominion Charter with an authorized capital of $75,000.

Of this, $50,000 is said to be paid up and held as follows:—

$40,000 by Charles R. Jenkins, Secretary Treasurer and Manager.
$5,000 by Henry Tompkins, President.
$5,000 by H. N. Rickard, Vice-President.

No share ledger was available. The Minute Book of the company as produced to us has copies of the minutes extending only to 6th April, 1923. These are written on loose typewritten sheets, inserted in the leaves of a bound book. Further Minutes or other records appear to have been pasted on the leaves of this book but had been torn off before the book was handed over to us.

On pages 35 to 37 of the Minute Book are certain entries purporting to be Minutes of the company from 18th December, 1923 to February 18th, 1925.

On 17th February Mr. Jenkins appeared before the Committee and represented that he had produced all the records of his company for the years 1924 and 1925 as demanded by the Committee. He stated that the company had kept no cash book and what he produced consisted of the following:

(1) Purchase Invoices.
(2) Sales Invoices.
(3) Freight and Express way bills and Bills of Lading.
(4) Travellers' Orders (for sales made).
(5) Customs Entries.
(6) Sales Tax Returns.
(7) Two Sales Ledgers.
(8) Certain Bank statements and some cheques.

Further records were later obtained from him, and a copy of the bank account was secured from the bank. An examination of these shows that they are far from giving a complete record for the period as will be more clearly seen from the following:

(1) As to purchases

The total purchases in 1924, according to the invoices produced, amount to only $38,136.29 while the copy on file of the Income Tax return for 1924 shows (Including freight and duty) purchases of $109,483.87. Our examination of the records and statements from vendors indicates that the records of Canadian goods purchased are fairly complete. The United States purchases are stated by Mr. Jenkins who have all been made from the Jenkins Overall Company of Derby Line, Vt. This company has no factory in Derby Line, and as far as we have been able to ascertain, its only activity was to purchase from various United States vendors large quantities of goods and re-invoice them to the Canadian company as they were apparently bought to be used in the Rock Island factory. These invoices were made out showing Jenkins Overall Company, Derby Line, Vt., as the exporters and according to the Rock Island Customs returns the Customs entries were made on that basis.

The value for duty of the goods passed through the Canadian Customs by the Rock Island factory is, however, very much less than the purchases made by the Derby Line Company. This difference is indicated in a general way in the large unaccounted-for balance shown in the schedule referred to, in Section (a) of this report, which difference would be substantially increased if any considerable quantity of goods was purchased from or through the New England Apparel Company, or similar concerns.

As indicative of the volume of purchases made by the Derby Line Company, we have received the following statements:

(a) From Cone Export and Commission Company, Greensboro, N.C., dealers in cottons, showing purchases from 10th May, 1923 to 31st December, 1925, amounting to $47,472.04.

(b) From J. L. Stifels & Sons, Wheeling, W. Va., showing purchases between 10th April, 1923 and 12th December, 1923; 30 bales of cotton drills, the value of which we estimate at not less than $8,000.

According to the Customs records at Rock Island, Que. the value for duty of all goods passed by Jenkins Overall Company of Rock Island, from 1st April, 1923, to 31st December, 1925, amounted to $13,417.26. This is less by some $42,000 than the purchases made from the two United States firms above referred to.

Mr. Jenkins, while claiming that the Derby Line Company had carried on a business separate from the Canadian Factory, declined to produce any records showing what its transactions were. According to the Railway records we found that there was only one freight shipment made by this company from Derby Line in the years 1924 and 1925, and the express shipments, if we may accept the shipments of November and December, 1925, as fairly indicative, were of minor importance as the indicated weights were small.

As we have no information as to the value of the goods, if any, which may be on hand in the Derby Line warehouse of the Jenkins Company, we are unable to state definitely what amount of the purchases made by this company remains to be accounted for.

Bank Transactions

Mr. Jenkins did not produce any of the cheques drawn on the Rock Island Company's bank account during the whole of 1923 and the first ten months of 1924 as he stated these had been destroyed. He did produce the cheques for November and December, 1924, and for the first six months in 1925. He claimed, however, that he could not locate any of the cheques issued subsequent to 1st July, 1925. While we have obtained a copy of the bank account the absence of the cheques makes it practically impossible to follow the withdrawals represented by them especially as the other records are so incomplete.

Sales

While the copies of sales invoices for 1924 produced by Mr. Jenkins show sales of only $54,297.94, the sales included in the Sales Tax returns (and which presumably would not include any sales to licensees or others when no tax would be payable) for that year amounted to $114,730.34 and the copy of the Income Tax Return shows sales of $166,586.84.

From the foregoing it appears evident that not nearly all the sales invoices have been produced by Mr. Jenkins and as a further proof of this we report that the customers' ledger accounts contain entries in respect of sales invoices not produced and amounting in 1924 to $17,807.34, and in addition to these letters received by us from customers of the company indicate that sales were made to them in that year which are neither among the sales invoices nor recorded in the ledger.

For the year 1925 no Income Tax return appears to have been made. The copies of sales invoices produced for this year aggregate

$48,123.05 but as in 1924 the customers' ledger accounts show numerous sales made and not included in the sales invoices and amounting to $24,701.90, and letters have been received from customers indicating sales made to them in 1925 which are not recorded either in the ledger or among the sales invoices.

We endeavoured to complete the sales records from information in the Bills of Lading for outgoing shipments but we found these records also very incomplete. Among these Bills of Lading were found some with the Imperial Garment Company indicated as the shipper. (In our report re Telford and Chapman Limited we state that that company had under the name of Imperial Garment Company bought certain goods from Jenkins Overalls Limited).

Sales Tax Returns

These returns have been made monthly but in the absence of satisfactory records as to the sales we are unable to state whether or not the full amount of tax has been paid. Mr. Jenkins admitted that these returns were very incomplete and that on a recent inspection by the Sales Tax Department he was required to pay over $500 additional taxes.

Income Tax Returns

As already stated return appears to have been made for the year 1924 but none for 1925. In the absence of satisfactory records as to sales, purchases, etc. we are unable to report as to the correctness of the 1924 return or to understand how it is possible to make a correct return for 1925.

Seizures

The files of the Department indicate the following:

No. 122692—October 1924—Deposit $5,000 forfeited

This seizure was reported on very fully by Inspector Bisaillon whose statements as to the circumstances are on record in the Department.

According to a report dated 22nd May, 1926, by W. F. Wilson, Chief Customs Excise Preventive Service, nine separate seizures were made in Winnipeg of shirts manufactured by the Reliance Manufacturing Company of Chicago, and there is an accompanying report by C. G. Alexander, Customs Excise Enforcement Officer stating that he found certain shirts stated to be U.S.A. prison-made in the office of W. H. Hovey, Winnipeg, agent for Jenkins Overall Company. There is also an affidavit of W. H. Hovey to the effect that the shirts referred to were part of goods consigned to him by the Jenkins Overall Company of Rock Island, Quebec.

In response to an enquiry made by us we have been advised by a Calgary firm that they purchased from the Jenkins Overall Factory at Rock Island goods marked on the outside of the box as coming from the Reliance Manufacturing Company of Chicago and that in one instance the marks given were 'G-16' and 'G-29.' "

I think, Mr. Chairman, that possibly we could read in the Departmental report of the seizure.

Hon. Mr. STEVENS: Does that include the nine seizures?

Mr. CALDER, K.C.: No, that is not a report on the nine seizures. Mr. Alexander will be here to speak on those. This is a report on the seizure of the Jenkins Overall Company.

You were curious as to the total amount of deposits. I find a report here by Mr. Bisaillon to Mr. Wilson, dated November 3, 1924, and signed by J. E. Bisaillon, of the various deposits, as follows:

The Jenkins Overall Company	$ 5,000 00
William Pyke & Son	484 38
The Reliable Garment Company	507 21
Globe Suspender Company	633 05
Rock Island Overall Company	259 63
Peerless Overall Company	476 12
Telford & Chapman	1,855 00
Telford Bros. Garment Co	1,523 48
Stanstead Manufacturing Company	66 25
Total	$10,805 12

Then we find in the same report that the books of the following companies were examined and found correct.

The Lay Whip Company.
G. B. Goodhue.
The J. A. Gilmore Company.
The B. B. Glove Company.
The Perfecto Overall Company.

Those were found O.K. In the case of the Snagproof Overvall Company, of Beebe, the inspection was not completed, and the report is to follow. That is dated November 3rd, 1924, the date of the seizure.

The report upon the seizure is as follows, not the report on the seizure proper, but a report on the conditions there.

"Customs and Excise, Canada,
Preventive Service
Port of Montreal, March 18th, 1925.

W. F. Wilson, Esq.,
Chief Customs-Excise Preventive Service, Ottawa.

Re Preventive Service Customs Seizure, No. 35137-5309

Dear Sir,—Replying to your letter of the 16th instant relative to the above numbered proforma seizure made against Messrs. The Jenkins Overall Company, Rock Island, Que., I beg to advise that this firm should have no consideration shown them in obtaining a rebate on the amount of the deposit made in connection with this seizure, as every means was taken to conceal all books, records and purchase invoices appertaining to the importation of cotton goods from the United States, and it was only after I had telegraphed to the Deputy Minister of Customs on October 8th, 1924, and received instructions to place the entire plant under seizure, that this firm agreed to make a deposit.

I beg to advise that, notwithstanding the seizure which has been effected against them, I am informed that this firm is still smuggling cotton goods in large quantities into Canada from the United States, and more drastic means will have to be taken before this smuggling is prevented.

I also beg to advise that Mr. Jenkins, the manager of this concern, refused to produce his records, and he claimed that he is a resident of the United States, and as such, kept part of his books, particularly all records covering purchases of cotton goods, in the United States. I am thor-

oughly of the opinion that had these books been open for our inspection at the time of our investigation, I would have been able to exact a much larger deposit than which I did.

If this concern is willing to show good faith, and will produce copies of all purchase invoices covering shipments arriving at Derby Line, Vit., I would be pleased to examine them, and it is only in this way that I would be in a position to reopen this investigation. Mr. Jenkins agreed to make this deposit of $5,000, if a statement covering all copies of way bills of merchandise arriving at Derby Line, Vt., consigned to the Jenkins Overall Company was shown to him.

I also beg to advise that this firm commenced business some time in 1922, and up to the time of our investigation in October, 1924, eight cases and bales of cotton goods only were cleared through the Customs at Rock Island, Que., whereas the manifests show that many bales were consigned to them at Derby Line, Vt.

I have the honour to be, sir,
Your obedient servant,

J. E. BISAILLON,
Special Inspector, Customs and Excise."

Hon. Mr. STEVENS: Was that the condition in March, 1925?

Mr. CALDER, K.C.: 1924.

Hon. Mr. STEVENS: If that was the condition in March, 1924, it synchronizes with the condition found by the auditors at the present time?

Mr. CALDER, K.C.: Absolutely.

Hon. Mr. STEVENS: That is, there is a large quantity in Derby Line, in excess of what was reported.

Mr. CALDER, K.C.: Yes.

ALBERT E. NASH recalled.

By the Chairman:

Q. Mr. Nash, have you found that this system was established for some years, smuggling goods to Derby Line?—A. Undoubtedly.

By Hon. Mr. Stevens:

Q. Mr. Nash, I would like to see whether I have that report correctly or not; I have not got a copy before me, so I will just touch upon a few points, and you may correct me if I am wrong. The minutes of this company were mutilated?—A. Yes, I think that is fair; they were not complete, certainly; not by any means.

Q. The statement made on February 17th by Jenkins that he had produced all his records, I gather from your report, was not a correct statement?—A. We certainly did not get all the records of the business.

Q. Nor have you got them all yet?—A. Nor have we got them all yet.

Q. Although you got many additional ones above what he produced?—A. We got some additional ones.

Q. The purchases, as I recall them, for 1924 showed two figures, one of $38,000 odd, and the other $109,000; will you give us an explanation of that?—A. The $38,000 figure was taken from invoices produced, while the Income Tax return made out by Mr. Jenkins showed purchases of $109,000.

Q. The next point is that the United States purchases were largely through the Jenkins Company at Derby Line?—A. Yes.

Q. A sister company, or a subsidiary company?—A. A company of the same name.

Q. In Derby Line?—A. Yes.

Q. The valuation of goods for duty—I did not get the dates, but there was a figure given of $13,400.—A. The valuation of all goods passed through the Customs records at Rock Island for duty from the 1st of April, 1923, to the 31st of December, 1925, amounted to $13,000 odd.

Q. Have you a corresponding figure from which you could estimate what the purchases were during that period?—A. We cannot state that definitely, Mr. Stevens, in the absence of the United States invoices, but our schedule (a) referred to in the first section of this report showed an unaccounted-for balance of goods received, less goods cleared, of some $80,000.

Q. He declines to produce the Derby Line books?—A. Yes. I state in this report that that is not including any goods he may have bought from the New England Apparel Company. I referred to that so that it might be clear why I referred to the affidavit of Mr. Marois, which is in, and which stated that the Apparel Company did sell the goods to the Jenkins Overall Company.

Q. That is not in these records at all?—A. No.

Q. Nor does he show in his records purchases or sales of prison-made goods? —A. No.

Q. The recent seizures which Mr. Alexander is going to speak about in a moment indicate that there were substantial sales of prison-made goods in Canada?—A. They will show that.

Q. There was no record of any income tax returns for 1925?—A. No. Mr. Jenkins claimed that he could not make an income tax return for 1925, because we had the books.

Q. Well, you are bad people?—A. I offered them to him.

Q. In regard to sales, if I gathered it correctly, you had three sets of books representing sales?—A. Yes.

Q. One disclosed by the sales tax records?—A. Perhaps I can explain that.

Q. I will make the quotations, and you can answer me, if you will; you had the sales tax records, the sales ledger, and another of sales that were discovered but not reported?—A. Yes. In the year 1924 the sales taken from copies of the invoices produced to us, amounted to $54,000. In the same year, the sales shown on the sales tax returns, amounted to $114,000, and in the same year, the sales shown on the income tax returns, amounted to $166,000. Then I go on to say that in order to find out where the records for those apparently missing sales were, we compared the copies of invoices with the entries in the Customs ledger, and found in the Customs ledger, records of sales for which there were no invoices produced, and in addition letters from customers of the company showing sales to them which were neither in the ledger, nor in the copies of invoices.

Q. Would I be reasonably correct in saying that the records of the sales from various sources are so hopelessly conflicting as to indicate that no accurate record was kept?—A. If any record was kept, it has not been produced, at least to us.

Q. It was not kept, as far as you know. It strikes me that this is the worst case of the whole group we have examined so far.—(No answer.)

Hon. Mr. STEVENS: Mr. Calder, there is nobody here to testify. They were called yesterday and called to-day?

Mr. CALDER, K.C.: They were called yesterday and to-day. I think Mr. Jenkins might be very usefully examined.

By Hon. Mr. Stevens:

Q. There is one other question, Mr. Nash. Was the now famous Seguin a carter for this concern?—A. He was.

Hon. Mr. STEVENS: Mr. Calder, has Seguin ever been subpoenaed?

Mr. CALDER, K.C.: I took certain proceedings on my own responsibility, and Mr. Seguin has done what a great many more have done during this inquiry; those that have not died have gone somewhere for their health.

Hon. Mr. STEVENS: He has disappeared from the scene.

Mr. CALDER, K.C.: It was in evidence that the day after Gauthier testified, and mentioned his name, he went away, and has not been seen since.

The CHAIRMAN: He was to have gone quite a while before, was he not?

Mr. CALDER, K.C.: That was another incident, Mr. Chairman. In the case of Sawyer, Mr. Sawyer testified that he left the day after the theft of the Rock Island station records, that it had been arranged fifteen days before that he was going to see his uncle. He returned after that, apparently clear, but the day after Gauthier mentioned his name, he went away again. He was just a little faster than I was.

Hon. Mr. STEVENS: Seguin has been a trucker for a number of these concerns alleged to have been smuggling?

Mr. NASH: He must have been, because he has signed the delivery slips for the goods.

Mr. CALDER, K.C.: That is all, for the time being, Mr. Nash.

Witness retired.

Mr. BELL: Before you proceed further, Mr. Calder, there are two or three letters which Mr. Bisaillon was examined upon before. Will you read them into the record? They have to do with the activities of Jenkins and Company.

Mr. CALDER, K.C.: These were not read?

Hon. Mr. STEVENS: No, they were admitted, and Bisaillon was examined upon them.

Mr. CALDER, K.C.: The first is a letter, or a copy, which reads as follows.

(*This and accompanying letters filed as Exhibit No. 212*):

"OTTAWA, March 31st, 1925.

The Hon. J. BUREAU,
Three Rivers, Que.

My DEAR SIR,—You may remember that I spoke to you in regard to removing the specials along the border in my county. It is now six months since they went there, and many of them representing people who are not smugglers and never were, are wondering why these specials are chasing every boy and girl, old and young, for a bunch of celery or a loaf of bread, and making it frightful for people, as we were elected for economy and efficiency. The electors who have not been touched are asking me who is paying the bills? We think that we are being very overburdened by taxation, and that the officers are trying to frighten the above mentioned people.

If you remember, I spoke to you with regard to removing these specials, and really hope you will do it, and I want to tell you that the propaganda of two Montreal lawyers who formerly lived in my county, and Senator Pope, to upset the county and to bring it back into the Tory fold, and it would take very long to tell you the propaganda.

It is true that we carried the county by a large majority, but that they might possibly outdo us.

Trusting that you will grant my request, I am, with kindest regards,

Yours faithfully,

(Signed) M. W. BALDWIN."

The letter of the Hon. Mr. Bureau in the original reads as follows: I will hand it to the stenographer. (Letter read in French).

"*Translated copy.*

Personal

SPRINGFIELD, MASS, April 7th, 1925.

J. E. BISAILLON, Esq.,
Chief of the Preventive Service,
51 McGill St., Montreal, Que.

DEAR Mr. BISAILLON, "I am told that, since several months already, you have people working the frontier at Rock Island. Would it not be possible to recall them, and to see that the service, although being well done, would not be conducted in the manner Mr. Baldwin complains of in his letter.

I take the liberty of enclosing for you Mr. Baldwin's letter. Mr. Baldwin has not ceased to importune me on this subject. I have always delayed, from day to day, in the hope that I might meet you, and talk the matter over with you. This poor Baldwin must be harrassed of this matter, since he pursues me even here.

I hope to be perfectly well in a short time, and to be able to resume my functions.

Yours truly,

(Sgd). JACQUES BUREAU.

Please return the letter (Baldwin's) to Miss Coutlee. J. B."

The next is a letter which reads as follows: (Letter read in French).

"MINISTÈRE DES DOUANES ET DE L'ACCISE

Copie

SPRINGFIELD, MASS., 7 avril, 1925.

Personnelle.

J. E. BISAILLON, Ecr.,
Chef du Service Préventif,
51, rue McGill, 51,
Montréal, Qué.

CHER MONSIEUR BISAILLON,—Il y a déjà plusieurs mois que vous avez des gens qui travaillent la frontière à Rock Island, à ce qu'on m'apprend. Ne serait-il pas possible de les retirer et de voir à ce que le service, tout en étant bien fait, ne soit pas conduit de la manière dont se plaint M. Baldwin dans sa lettre.

Je prends la liberté de vous inclure la lettre de M. Baldwin qui n'a cessé de me talonner à ce sujet. J'ai toujours remis de jour en jour de le faire dans l'espoir que je pourrais vous rencontrer et causer de la chose avec vous.

Il faut que ce pauvre Baldwin soit bien harassé puisqu'il me relance jusqu'ici.

J'espère être parfaitement rétabli dans quelque temps et pouvoir reprendre mes fonctions.

Bien à vous,

(Signé) JACQUES BUREAU.

Veuillez retourner la lettre de Baldwin à Mlle Coutlée. J. B."

"Translated copy.

MONTREAL, April 16th, 1925.

Honourable Mr. JACQUES BUREAU,
Minister of Customs and Excise,
Ottawa, Ont.

DEAR Mr. BUREAU, "I have the honor to accuse reception of your letter dated 7th instant, accompanied by that of Mr. Baldwin, relative to the officers who work the frontier at Rock Island.

Mr. Baldwin exaggerates; the officers have received instructions, at the beginning, to keep busy with important things only and not with bread, celery ,etc. . .and I do not believe that the people of Rock Island have become so fearful as wishes to say Mr. Baldwin; only he is pushed by Jenkins and Wilkinson who are the greatest smugglers of Rock Island, but the latter are his friends.

I also believe that, in the interest of the party, it would be preferable to discontinue to watch the frontier, but one must also think of the revenues of the Department, for you know that the organization of the Merchants Association awaits the occasion of the return of my officers to place some of their own people. The famous Knox and Sparks are trying to discredit all the Department does; it is also said, right and left, that they have no instructions to receive from you nor from Mr. Farrow. Mr. Bureau, this question is very delicate; but if you prefer that I recall those officers or else that I talk the matter over with Honorable Mr. Cardin, I shall do so with pleasure. A new advice on the matter will oblige me greatly.

I am happy to learn that your health is making progress and to see that you will come back to us shortly.

Mr. Baldwin's letter is re-addressed to Miss Coutlee.

Respectfully yours,

J. E. BISAILLON,
Insp. of Customs and Excise."

Copie

MONTRÉAL, le 16 avril 1925.

Hon. JACQUES BUREAU,
Ministre des Douanes et Accise,
Ottawa.

CHER MONSIEUR BUREAU,—J'ai l'honneur d'accuser réception de votre honorée en date du 7 courant accompagnée de celle de monsieur Baldwin relativement aux officiers qui travaillent la frontière à Rock Island.

Monsieur Baldwin exagère dans ses commentaires, les officiers ont reçu instructions, au début, de s'occuper que de choses importantes et non de pain, de céleri, etc., et je ne crois pas que les gens de Rock Island soient devenus si craintifs que veut le dire monsieur Baldwin, seulement il est poussé par Jenkins et Wilkinson qui sont les plus grands smugglers de Rock Island, mais ces derniers sont de ses amis.

Je crois, moi aussi, que dans l'intérêt du parti, qu'il serait préférable de discontinuer à surveiller la frontière, mais il faut aussi penser aux revenus du département, car vous savez que l'organisation de l'Association des Marchands attend l'occasion que je fasse revenir mes officiers pour placer de leur monde. Les fameux Knox et Sparks essaient de dis-

créditer tout ce que le département fait, même on crie à droite et à gauche qu'ils n'ont pas d'instructions à recevoir de vous ni de monsieur Farrow. Monsieur Bureau, cette question est très délicate, seulement si vous préférez que je fasse revenir ces officiers ou encore que je cause de la chose avec l'honorable monsieur Cardin, je le ferai avec plaisir. Un nouveau conseil à ce sujet m'obligera beaucoup.

Il me fait plaisir d'apprendre que votre santé s'améliore beaucoup et de voir que vous allez nous revenir sous peu.

La lettre de monsieur Baldwin est re-adressée à Mlle Coutlée.

Respectueusement à vous,

J. E. BISAILLON,
Inspecteur des Douanes et Accise.

The letter to Miss R. Coutlee reads as follows. (Letter read in French).

"Translated copy

MONTREAL, April 16th, 1925.

Miss R. COUTLEE,
Private Secretary,
C/o Mr. Bureau & Bigué,
Lawers,
Three Rivers, P.Q.

MISS,—Enclosed you will find a letter addressed to the Honourable Mr. Bureau by Mr. Baldwin and which Mr. Bureau wishes me to give back to you.

Yours truly,

Inspector of Customs-Excise.

Incl."

"Copie

MONTRÉAL, le 16 avril 1925.

Mademoiselle R. M. Coutlée,
Secrétaire Privée,
s/d MM. Bureau & Bigué,
Avocats,
Trois-Rivières, Qué.

MADEMOISELLE,—Ci-inclus vous trouverez une lettre adressée à l'honorable monsieur Bureau par monsieur Baldwin, laquelle monsieur Bureau me prie de vous remettre.

Bien à vous,

Inspecteur des Douanes et Accise.

'Incl."

The CHAIRMAN: I draw the attention of the members of the Committee to the fact that most of the letters, in this exhibit, appear in the record at page 595, and following pages.

Mr. BELL: Extracts of these letters were used in the examination of Mr. Bisaillon.

Mr. CALDER, K.C.: These letters will be filed as exhibit No. 212.

The CHAIRMAN: I draw the attention of the members of the Committee to the proceedings of Wednesday, March 17, 1926, when the question was put to Mr. Bisaillon:

"*By Mr. Donaghy:*

Q. Were any of these men withdrawn from the border, in accordance with your suggestion?—A. No, sir.

Q. None?—A. Not to my knowledge, sir."

That is the evidence given by Mr. Bisaillon, at page 597.

Mr. BELL: Mr. Chairman, while you have that record before you, how is Mr. Baldwin's name given? His initials have been read as "M. W.;" should not it be "H. W."?

The CHAIRMAN: The record reads:

"Q. Now, going back to April, 1925, do you remember having some correspondence about a Mr. H. W. Baldwin, with Mr. Bureau?—A. I recollect a letter from Mr. Bureau.

Q. And, just briefly recalling it to you, is it not the case, as you recollect it, that Mr. Baldwin had complained there were certain people who had been pursued by special officers for trifling delinquencies. Do you recall that?—A. Yes, sir."

I do not see any initial, but we are obliged to stand by the letter; it is a matter of identification.

C. B. ALEXANDER called and sworn.

By Mr. Calder, K.C.:

Q. Are you in the employ of the Customs Department?—A. I am.

Q. In what capacity?—A. Customs and Excise Preventive Officer.

Q. Were you charged with a special mission to go to Winnipeg?—A. Yes, I was.

Q. Did you proceed there?—A. I did, sir.

Q. What was your mission?—A. To locate, if possible, any prison-made shirts in Winnipeg.

Q. Were you told of any particular places to go, or were some likely places suggested to you?—A. I was to make a general investigation.

Q. Did you make a report as a consequence of the investigation that you made?—A. I did.

Q. Does the report represent the facts as you found them?—A. Yes.

Q. Will you look at the report, dated May 20, 1926, and tell me whether that is the report you made upon your investigation in Winnipeg?—A. Yes, it is.

Q. Did you have any special knowledge, before proceeding to Winnipeg, of prison-made goods? Did you have a list of prohibited firms?—A. Yes, I had.

Q. Those are firms who are prohibited on account of prison labour?—A. Yes.

Q. Various markings are used by these firms, which were known to you?—A. They were.

Q. Did you also know, from the quality of the cloth, and cut, they were prison-made goods?—A. In one instance, I had that information.

Q. What instance was that?—A. Milton F. Goodman.

Q. What was there that enabled you to identify their goods?—A. By the ventilating holes under the arms of the shirts.

Q. That is a peculiarity of Goodman's shirts?—A. Yes, it is.

Q. Is it exclusive with them?—A. I understand it is, sir.

Q. I will read the report, which will save the trouble of a lengthy examination.

The report reads as follows:

"MAY 20, 1926.

W. F. WILSON, Esq.,
Chief, Customs-Excise Preventive Service,
Ottawa.

Re: Milton F. Goodman Reliance Manufacturing Co. U.S.A. Prison Made Shirts—Winnipeg, Man.

SIR,—I have the honour to report herewith upon my recent work in the above connection at Winnipeg, Manitoba.

After a great deal of work I was able to locate the Western Agent of the Jenkins Overall Co., of Rock Island, Que. I found that W. H. Hovey was the official representative of the Jenkins Overall Company and that up to about two months ago he had an office at the Hammond Building (Room 408), Albert Street, Winnipeg, but owing to the recent investigations into the operations of the Jenkins Overall Co., at Rock Island, he had deemed it advisable to close his office and with the aid of his friends he spread a report abroad that he had gone out of business and had left the city—this phase of the case was corroborated when I interviewed retailers in the city after making certain seizures of prison made shirts sold to them by W. H. Hovey—These retailers invariably said "How can we get our money back on these shirts you have seized we bought them from Mr. Hovey and he has closed his office and left the city"—(I will make further reference to these seizures later in this report).

To return to Hovey—I found that he kept a few books in the closed up office (Room 408, Hammond Building). I obtained the key of this room from the Janitor and in company with officer W. H. Stubbs of the Winnipeg branch of the Preventive Service I made a search of this room and found three Milton F. Goodman work shirts hidden under some rubbish and later found six more of these shirts in a cardboard box owned by another salesman who had locked this box in the room for safe keeping. I also located Hovey's order books for 1924-1926. These books I subsequently seized on wired instructions from Mr. Walter Todd, Clerk of Committee for the House of Commons, Ottawa, and also on wired orders from the Chief of the Preventive Service, Ottawa,—these books together with other documents found at Hovey's residence (to be referred to later in this report) I despatched by Express to Mr. Walter Todd, Ottawa.

Mr. Hovey resides at 833, MacMillan avenue, Winnipeg, I made a fictitious appointment with him and called at his residence in company with Officer Stubbs. Mr. Hovey seemed very taken back that his affairs should be investigated.

I told him I wished to examine his books, invoices and correspondence. When I pressed him to produce all invoices covering goods sent to him by the Jenkins Overall Co., Rock Island, he said he could not produce these invoices as he had destroyed them, but refused to give his reasons for their destruction, though he said "You know as well as I do why I destroyed them." This statement was made to me after I had taken from him the attached signed statement regarding the destruction of the invoices, but he would not allow me to add this half explanatory explanation and I did not press him unduly. I also found a quantity of correspondence at 833 MacMillan avenue from the Jenkins Overall Company, Rock Island to W. H. Hovey—this correspondence I also seized and I now beg to refer to several of these letters:—'Letter July 31st, 1925, letter of August 14th, 1925, and the letter June 25th, 1925, Reliable Garment Co.'

In a letter dated April 20th, 1925, there is this quotation:—'Have you still on hand the Goodman Shirts? The last time you advised us about these you had thirty five dozen on hand.' This is interesting, as in a sworn statement obtained from Hovey,—that I will refer to later in this report,—Hovey swears that he has only disposed of fifty dozen of these shirts in the last thirty months.

Letter of March 20th, shows pants No. 1025 are manufactured by the Jenkins Overall Company, but the cloth as being produced from some other source. Mr. Stainberg thinks that this cloth is 'Nap-back.'

Letters dated March 16th, 1925, March 14th, 1925, and February 27th, 1925, are written from Rock Island, Que., and are in the identically same handwriting as the invoices supplied to me from your office. These invoices are presumably made out at Derby Line, Vt., but there is no doubt in my mind that it is Jenkins' handwriting. I think this is rather an important find.

Letter September 4th, 1924. This shows the beginning of the importation of 8 oz. Cottonade. I think it would be advisable to ascertain the quantity of Cottonade sold to Jenkins Overall Co., Derby Line, by the Swift Manufacturing Co., Columbus, Ga., and the Lane Cotton Mills, New Orleans. These are the only two firms I understand that are making American Cottonade that is now being sold made up into overalls, in Winnipeg.

Just to revert again for a moment to the Order Books found in Hovey's possession, I would like to say that it is quite clear that Hovey has sold goods as far north as The Pas, I think we will be able to prove that these Milton Goodman shirts have found their way to quite a number of the smaller towns outside of Winnipeg.

I understand that one of the points in this investigation was to show to what extent these shirts had been broadcasted throughout the Western part of Canada.

I am also sending you, under cover of this report, sworn statement made by Hovey before the Collector of Customs, Winnipeg. This sworn statement will speak for itself.

I am enclosing statements found by myself at Hovey's residence and for the purpose of identification I mark them 'A', 'B', 'C'. (Statement 'A' one sheet is missing.)

These statements will no doubt be needed by the official auditors, and may I ask you to hand these statements to them if you deem it right to do so.

I found a quantity of envelopes in Hovey's possession marked 'Imperial Garment Co.' Hovey's claims that he has not done any business with this firm, although he is to all intents and purposes, their official Western agent. He also informs me that the Imperial Garment Co. is a subsidiary company of the Telford, Chapman Co., Rock Island. Hovey is Western agent for Telford Bros., Limited, Rock Island. You will notice he swears to this in his sworn statement.

I am also enclosing Canadian National Railway freight bills, seized by myself from Hovey's residence. These freight bills show clearly that the goods have been packed and shipped from Rock Island, and not from the American side.

I also seized all cheque books, paid cheques, note books, etc at Hovey's residence that had bearing on his transactions with the Jenkins Overall Co., Rock Island. These actual seizures were made on the night of May 8th in company with Officer Stubbs, and were shipped to Mr. Walter Todd, the House of Commons, Ottawa, at the same time as were the documents mentioned at the commencement of this report, for the

use of the official auditors—I would like to state here that Hovey had gone to no little pains in his efforts to hide these papers, although I admit some were easily located, others were hidden most carefully.

I learnt from Hovey that he had stored a number of shirts (Milton F. Goodman) at Boulton's Warehouse, 200 Princess St., Winnipeg, he could not enlighten me as regards quantity but he admitted that a number of shirts were extracted by himself from a crate early in January, 1925—these he took to the Boulton Warehouse and deposited them there as a 'Reserve Stock'. Hovey refused to state where he originally opened the crate or from where it had been shipped—I made enquiries at the warehouse and found records which showed that on January 5, 1925, Hovey had placed 50 cartons—(6 shirts to a carton) in a storage as per warehouse receipt No. 206 dated January 5, 1925. Hovey drew on this stock during the year and on January 20, 1926, there was a balance left of 12 carton (6 shirts to a carton). This item is shown on warehouse record No. 276, these 12 cartons were removed by Hovey on January 20, 1925, and this withdrawal is shown on warehouse receipt No. 206, January 20, 1926.

Whilst in Winnipeg prior to May 5, 1926 (date of seizures of shirts) I purchased 2 Milton F. Goodman workshirts with Reliance Manufacturing Co. label sewn to the shirts. Both of these purchases were made from retailers, the shirts were of the styles G.16 and G.29, respectively.

G.29 was purchased from Messrs. White & Manahan, 480 Main Street, price paid $2.75. G.16 was purchased from S. Bolansky, 824½ Main Street, price paid $2.50.

These purchases were made in the first instance, in an endeavour to locate prison made shirts, but since the locating of W. H. Hovey's sales journal and sales records these shirts I consider of importance as they make a tangible link between the G.16 and G.29 referred to in the above mentioned ledgers and journals, in other words they show definitely that the G.16 and G.29 quoted in Hovey's books are actually Milton Goodman shirts.

Shirt G.1 also mentioned in these books has already had prominence in the Customs Investigation Committee, as this shirt (black) is the one that R. P. Sparks referred to in his evidence in connection with prison-made garments.

Whilst in Winnipeg I made a very thorough search of the Retail and Jobbing section of the city in an effort to locate prison-made garments—Milton F. Goodman shirts in particular, but I found that generally speaking both retailers and jobbers were aware that these goods were illegal and if found by the authorities were liable to seizure—this knowledge made seizures difficult but I was able to make the following seizures:

	Shirts
Robinson & Little Co.	191
Mrs. Soloway	17
White & Manahan Co.	45
S. Bolansky	5
G. Hobday	13
W. H. Hovey	9
S. Matrovitch	7
Forsyth Bros.	1
M. Malkin	2
	290

I seized these shirts under authority of Appraisers Bulletin No. 2990 (based on tariff item No. 1206, Schedule 'C').

I wish again to refer to the letters from the Jenkins Overall Co., to W. H. Hovey. It will be noticed that in every case no signed signature is attached to the letters, the letters are all signed in type with the exception of I think two letters where R. C. Jenkins actually signs his name the signature on these letters compare identically with two long-hand letters I submit for examination and what is still, I think, more interesting is the fact that the writing of these long-hand letters compare identically with the writing that is found on Jenkins Overall Co.'s original invoices made out at Derby Line, Vermont, covering goods for export through Customs into Canada.

Another point I wish to draw attention to is the 'non-committal' way the invoices for Customs purposes are made out by the Jenkins Overall Co., Derby Line, Vt. They refer to 'Buttons' no description, size, quality or style number is mentioned. Denim is described as 'dyed denim' no color, no package number, no quality number, is quoted. Shirts are quoted purely as 'Cotton Shirts', no other description is given.

There appears to be a definite effort on the part of this firm to 'cover up' and throw the authorities off the scent. I make reference to this on this report as the invoices now referred to are in R. C. Jenkins' own handwriting.

I beg to attach to this report:—

(1) Certified true copy of a letter sent by the Robinson & Little Co., Winnipeg, to the Jenkins Overall Co., Rock Island.

(2) Certified true copy of The Jenkins Overall Co.'s, wired reply to this letter.

(3) Two certified true copies of letters dated May 11th, 1925, and May 18th, 1925, from Jenkins Overall Co., to Robinson & Little Co.

In conclusion I beg to point out the following five points which may be of interest.

(1) Hovey resided at Rock Island prior to his opening up as Jenkins' western agent. He is an intimate friend of Jenkins, both are Masons belonging to the same Rock Island Lodge. I questioned Hovey regarding the opeeration of the overall factory, he claimed he did not know anything about it. (See letter April 27/25. This letter shows he knew more or less what was going on.)

(2) Tompkins, the President of the Company, has made three trips west taking orders each trip in Hovey's area, but Hovey claims he does not know where Tompkins placed goods. (Robinson & Little was one of these orders.)

(3) Jenkins' letters show that he has dictated letters to two stenographers, namely RCJ/C. and RCJ/B. Where Jenkins swears he is running a one man 'business'. Hovey says 'B' is Miss Bisonett, but he does not know 'C'.

(4) Compare letter August 7th/25 'shirts to be made up' and letter August 14th/25 'the pants we will have to get them but this is a pretty hard thing to do just at present'. Suspicious.

(5) 'Braces'. Letters of May 13th/25, April 20th/25, April 30th/25, where did these come from?"

Mr. CALDER, K.C.: Shall I read the affidavit of Hovey?

The CHAIRMAN: Yes.

Mr. CALDER, K.C.: The affidavit reads as follows:

"I Wright Horace Hovey, manufacturers' agent, residing at 833 McMillan Avenue, in the City of Winnipeg, in the Province of Manitoba, Canada, make oath and say:

That I am the official representative of the Jenkins Overalls Company of Rock Island, Quebec, being their agent.

Within the last thirty months (approximately) I have, to the best of my belief and knowledge, received orders for approximately 50,000 Milton Goodman workshirts. The orders for these 50,000 Milton Goodman shirts were filled from the stock of Milton Goodman shirts that were held by me on consignment from the Jenkins Overall Company, Rock Island, Quebec.

These Milton Goodman shirts were consigned to me by Jenkins Overall Company, Rock Island, Quebec, at $17.50 per dozen, less three per cent, shipped by Canadian National Railroad freight.

I also am the Manitoba agent for Telford Brothers, Limited, of Rock Island, Quebec, but I have done no business with the Telford Company, with the exception of taking one order for three dozen pajamas from the Boston Clothing Company, 568 Main Street, Winnipeg, but I know that this order was never filled by the Telford Company.

In conclusion, I wish to swear that the three Milton Goodman workshirts found in room 408, Hammond Building, Albert Street, Winnipeg, on the 4th instant, by C. B. Alexander and W. H. Stubbs of His Majesty's Customs, were part of goods consigned to me by the Jenkins Overall Company, Rock Island, Quebec.

(Signed) W. H. HOVEY.

Sworn before me this 5th day of May, in the year of our Lord, 1926, at the City of Winnipeg, in the Province of Manitoba.

Witness: (Signed) J. K. ROBSON,
W. H. STUBBS.

(Signed) T. H. VERNOR,
Collector of Customs and Excise."

Then there is this declaration:

"I, W. H. Hovey, do hereby say and declare that the invoices from the Jenkins Overall Company to myself covering goods sent to me by this said Jenkins Company on consignments, and also one or two cases, where the goods were shipped direct to the customers, that these said invoices were destroyed by me on my own intuition, some few months ago. I do not desire to give my reason for destroying these invoices.

This statement is taken as under conditions laid down in the Canada Evidence Act.

I hereby certify this statement to be true to the best of my knowledge and belief.

Witness: (Signed) W. H. STUBBS,
C. B. Alexander.

(Signed) W. H. HOVEY.

By Mr. Calder, K.C.:

Q. Will you exhibit to the Committee the Milton Goodman shirt which you say has special characteristics, and indicate to the Committee what these characteristics are.

Hon. Mr. STEVENS: You had better describe that shirt and put it in as an exhibit.

By Mr. Calder, K.C.:

Q. You now exhibit what?—A. A khaki Milton F. Goodman work shirt, G-29. This was purchased from S. Bolansky, 824½ Main street, Winnipeg.

By the Chairman:

Q. What was the date?—A. March 5th, 1926.

Hon. Mr. STEVENS: We will put this in as exhibit No. 213.

WITNESS: With ventilating holes on the back and under the arm-pits, bearing the Milton F. Goodman label, and in the corner of the label "registered United States Patent Office, Reliance Manufacturing Company, Chicago."

By Mr. Calder, K.C.:

Q. Where was that seized?—A. At S. Bolansky's in Winnipeg.

Q. What is the next?—A. A grey Milton F. Goodman work shirt, G-16, with the same ventilation holes and a guarantee ticket in the pocket, signed in print "Reliance Manufacturing Company, 212 West Monroe street, Chicago, Ill., Milton F. Goodman, president." This was purchased from White & Monahan, 480 Main street, Winnipeg, on May 5th, 1926. These are all the shirts.

Mr. CALDER, K.C.: This will be exhibit No. 214.

By the Chairman:

Q. You did not get any pants?—A. No, sir.

By Mr. Calder, K.C.:

Q. Have you in your possession at present the letters which you quoted?—A. I have.

Q. Will you pin them together and produce them as an exhibit?—A. They are all bound together, with notations on each letter.

Q. A substantial part of these letters have been read in. These might be put in as one exhibit, and if necessary, other parts read into the record. He produces correspondence seized from W. H. Hovey, which will be filed as exhibit No. 215.

Hon. Mr. STEVENS: All of these are referred to in the report of Mr. Alexander?

Mr. CALDER, K.C.: Yes, they are all referred to in the Alexander report.

By Hon. Mr. Stevens:

Q. What are these other things you have there, witness?—A. Ledgers, correspondence, and freight bills.

Hon. Mr. STEVENS: Do you want these put in, Mr. Calder?

By Mr. Calder, K.C.:

Q. All of these have been handed to the auditors?—A. Yes.

Witness discharged.

GEORGE TROOP recalled.

By Mr. Calder, K.C.:

Q. Mr. Troop, you are already sworn?—A. Yes.

Q. Will you look at these two price lists, namely, a wholesale price list dated October 23rd, 1925, and a retail price list dated October 23rd, 1925, and state whether you have had these in your possession, and when they first came into your possession?—A. Yes, I have had those in my possession.

Q. When did you get them first?—A. They were found by me among the papers in Mr. Jenkins' office.

Q. Will you produce them both together as Exhibit No. 216?—A. Yes.

Q. On page 2 of the wholesale list are found the following items; G-1, Black Sateen Shirts, sizes 14½ to 17, $17; G-16, Grey Chambray Shirts, sizes 14½ to 17, $17; G-29, Khaki, sizes 14½ to 17, $17; G-1, G-16 and G-29 oversizes, 17½ to 18½, $18. You saw that?—A. I saw all those.

The CHAIRMAN: Is that per dozen?

Mr. CALDER, K.C.: Yes.

By Mr. Calder, K.C.:

Q. Then on the retail price list you have the same numbers and descriptions, with $22 per dozen for regular sizes, and oversizes $24?—A. That is correct.

Mr. CALDER, K.C.: That is all.

Witness retired.

Mr. CALDER, K.C.: I am instructed, Mr. Chairman, that the Turner report will be ready early this afternoon.

Mr. BELL: If I am not interrupting, may I have a witness called for a moment, as Mr. Calder has just completed something?

Mr. CALDER, K.C.: Yes, certainly.

W. L. HICKLIN recalled.

By Mr. Bell:

Q. The Chairman has been good enough to refer a few minutes ago to some questions and answers found at page 597 of the evidence, in respect of the withdrawal of the Mounted Police from the border. Referring to that I see that Mr. Bisaillon in answer to a question by Mr. Donaghy, testified to this effect:

"Q. Were any of these men withdrawn from the border, in accordance with your suggestion?—A. No, sir.

Q. None?—A. Not to my knowledge, sir."

We are not in the habit of accepting any statement made by Mr. Bisaillon as gospel, and I want to know whether you know of or have any original records which will show whether or not such withdrawals were made?—A. We have records in the Montreal Preventive Service which would show.

Q. Are they here?—A. No, sir.

Q. Are they available?—A. Yes, they are still in the office at Montreal.

Q. Can you have them here for us in the first part of the week?—A. Yes.

Q. Are you able to speak from any personal knowledge, in the absence of those records?—A. Not as to dates.

Q. Perhaps you will be good enough to produce those for us on Tuesday next?—A. All right.

By Mr. Calder, K.C.:

Q. Was an order given detailing officers to go down there and stay there?—A. They were sent down there by Mr. Bisaillon.

Q. There is a written record of that?—A. There is a written record of when they went down and when they returned.

Q. With their names?—A. With their names.

Q. And the length of time that each person stayed there?—A. Yes.

Witness retired.

Mr. CALDER, K.C.: Before we go on, Mr. Chairman, may I be permitted to detach from the file after copies have been made and attached to the file, the statements and the affidavits of Mr. Hovey together, and put them in as one exhibit which will be Exhibit No. 216.

ULRIC TREMBLAY called and sworn.

(Examination conducted in French and translated by Mr. Beauchamp, Official Interpreter.)

By Mr. Calder, K.C.:

Q. You are master of the barge Tremblay?—A. Yes, sir.

Q. Who is the owner of the barge Tremblay?—A. The barge belongs to the Gaspe Transportation Company.

Q. Did the barge belong to another company in 1924?—A. It was the same company.

Q. Are you a shareholder in that company?—A. I am a shareholder, and I am also a director.

Q. You hold a share as a director?—A. I hold one share, and I am made director in the company.

Q. Who are the principal shareholders?—A. The shareholders are my brothers. We are four brothers—and my father.

Q. Then it is a family enterprise?—A. Yes.

Q. Have you the barge Tremblay log?—A. No, I have no log.

Q. You have no log for the barge?—A. The night that we unloaded the whiskey in Montreal, there was a fire aboard the barge; some whiskey was spilled in the cabin, and a fire took everything; everything was burned; everything was damaged by fire.

Q. Did you open a new log at that time?—A. No, we left; we were ten days in Montreal. At the time the barge was under seizure.

Q. Did you have a log?—A. Yes, we had a log.

Q. It was not destroyed, it was damaged by water?—A. It was damaged by water and fire. Our stationery, our manifests and other papers were badly damaged.

Q. You should have kept all those documents, because it is possible to restore them to some extent?—A. The documents were very badly damaged by fire and by water.

Q. Do you keep a log at the present time?—A. Yes.

Q. When did you become the owner of the barge Tremblay?—A. About the 15th of April, 1925.

Q. You say in 1925?—A. It was last spring.

Q. Previous to that, who was the owner of the barge?—A. We constructed the barge in 1916.

Q. You constructed the barge then, in 1916?—A.Yes

Q. What value do you place upon the barge?—A. Are you speaking of at that time, or the present day value of the barge?

Q. I am speaking of the barge when it was new?—A. When the barge was new it was valued at $30,000; that was during the war.

Q. During the war it was valued at $39,000?—A. It cost us $30,000 to build the barge.

Q. Was it a steam barge at that time?—A. Yes, it was a steam barge.

Q. Then the real state of things is this: That you constructed the barge, it belonged to you, your brothers and your father in common; that is, you had

a partnership among yourselves, and you converted that partnership into a limited liability concern?—A. Yes, we converted it into a limited company in 1918.

Q. Was it in 1918?—A. In 1918 it was known as the Tremblay Navigation Company, Limited.

Q. And that company was converted into what?—A. In 1922 or 1923 the company was converted into the Gaspe Transportation Company, Limited.

Q. At what time was your boat chartered for the transportation of the load of whiskey? At what time was the subject first broached to you?—A. You speak of the liquor that was seized? It was about the 28th of October, 1924.

Q. Who spoke to you about that?—A. Mr. Perrault spoke to me about that. I was at that time aboard the Gaspesia of the Clark Steamship Company, and I was speaking to the captain, and a waiter came to me and said that Captain Perrault, the assistant harbour master wanted to see me, and wanted to speak to me. As I walked out of the cabin, I met Captain Perrault, who was accompanied by two strangers.

Q. Did he introduce you to them?—A. Yes, he introduced me to Mr. Neill and George Hearn. He said to me, "these men want a boat, a vessel, to go and get a load of boxes down in the Gulf." He told me, "make your arrangements with them, I do not want to have anything to do with this thing."

Q. You state that that was on the 28th of November?—A. No, it was the 28th of October.

Q. That was quite a while before the trip was undertaken?—A. That happened at once. I left two days later.

Q. Was Neill on board?—A. You mean on board the Gaspesia?

Q. No, I mean on board the Tremblay?—A. No, it was the first day I met them. It was in the afternoon. I entered the smoking room with Neill and George Hearn, and they asked me how much I would charge them to go and get a load of 2,500 boxes which were on board a vessel in the Gulf.

Q. 2,500 boxes of what?—A. I asked them what kind of boxes they were, and he said they were boxes 18 inches square, which each weighed about fifty pounds.

Q. You did not ask them as to the contents of those boxes?—A. No.

Q. You had a fairly good idea, you guessed pretty closely as to what the contents were?—A. I am not a guesser. When I transport freight, I am not supposed to ask what it is.

Q. You did not know before you left on the trip that whiskey was involved? —A. No, I did not know it was whiskey before I left, otherwise I would not have undertaken the trip.

Q. You demanded that you be paid before hand?—A. I did not know the parties, and I did not want to undertake the trip, without being paid previously.

Q. Do you know of any other kind of freight in the world, which is trans-shipped at sea, apart from whiskey?—A. There are many things which may be trans-shipped.

Q. I know there may be things trans-shipped, but are you aware whether the sailors know of any other kind of freight which is trans-shipped at sea? —A. Many kinds of articles may be trans-shipped. Dry goods may be trans-shipped.

Q. You mean to say from one ship to another, without entering any port; when did that happen, when was that done?—A. I will tell you this. I am not the person who keeps the logs of the vessels. Even had I asked Neill and the others what kind of freight it was, whether it was liquor or not, they would not have told me.

Q. They told you at what point you were to meet that vessel?—A. They told me to meet the vesel six miles off St. Nicholas.

Q. Where is St. Nicholas?—A. On the north shore.

Q. Is it very far below Quebec?—A. It is 225 miles below Quebec.

Q. You say 225 miles?—A. Yes, about that, approximately.

Q. And it was there you laid down the condition that the amount of money agreed upon for the trip was to be paid over to Captain Symons, in your name, to your order?—A. As he asked me, saying that the banks were closed at that time; he asked me to whom I would give my money in guarantee. I knew Captain Symons very well, he had a safe in his office, and I told him I would 'phone Captain Symons and ask him if he would keep this $5,000 until my return from the trip.

Q. Your first price was $10,000, then you reduced it to $5,000?—A. Yes.

The Committee adjourned until 3.30 p.m.

AFTERNOON SITTING

The Committee resumed at 3.30 p.m., the Chaiman, Mr. Mercier, presiding.

Mr. CALDER, K.C.: I will recall Captain Tremblay.

Mr. BELL: Before you call your witness, Mr. Calder, we have some other business; business which was not terminated last night.

Mr. CALDER, K.C.: You know what happened in the interval? I took proceedings against Mr. Telford, under the Customs Act, on my own responsibility.

Mr. BELL: I understand the charge under which he was apprehended was a charge of smuggling?

Mr. CALDER, K.C.: Under Section 219.

Mr. BELL: Quite so. I don't know how that affects the position that existed when we adjourned last night.

Mr. CALDER, K.C.: That was a matter of some discussion between the Chairman, Mr. Stevens and myself. It appears that this man—after all, what he refused to do was to perform an act. Now, the question is whether you can report him to the Commons for that, and whether, once reported, the Commons can do anything in the matter. If it were a refusal to answer, I imagine he could be committed, but he does not refuse to answer; he says "I refuse to do what you order me to do; I will not undertake it."

Mr. BELL: May I point out that I am not able to agree with you in that, Mr. Calder? I carefully perused the evidence this morning, and the typewritten record shows the man did two things; in the first place, being asked what quantity of goods he knew was in that warehouse, he replied "I cannot say", when it is perfectly obvious he can say, so his answer was, therefore, "I won't say"; in the second place, he, being, as elicited by your examination, and that of the Chairman and Mr. Stevens, a British subject, with a business in Canada, which he controls, gives us as his sole reason for refusing to comply with the order of the committee, or its auditors, that the warehouse is in the United States. Now, as long as business is under his control, my opinion is that he should be answerable to this committee, and to the House, for it, whether it is in the United States or anywhere else, and personally, I would not be disposed, and am not disposed, to consider that the House would decide such a point favourably to him. I should, at least, like to see it go to the House for a decision.

The CHAIRMAN: We are informed that the witness Telford is actually detained—

Mr. CALDER, K.C.: He is detained without bail until to-morrow morning.

The CHAIRMAN: —so we will leave the matter for the moment.

Mr. BELL: Of course, we can take no action to-morrow. If it is the will of the committee that nothing further shall be done with it to-day, all right, but that would not be my decision.

The CHAIRMAN: We will leave the matter pending as long as he remains in the cells waiting for his trial.

Mr. CALDER, K.C.: There is the question of jurisdiction raised there, Mr. Chairman. The chances are when I examine into the question more thoroughly, there may be a possibility that I may ask for his release, stating that the charge will be relaid. I have some doubt whether the Act which provides that a Customs charge may be laid in any district, irrespective of the original venue of the Act, would really justify transfer from one province to another. That seems, probably, a little wide latitude. If, upon examining that question further, I come to the opinion that probably the latitude taken is too wide, then we will ask for his release, and we will relay the charge either at Montreal or some other point in the district of Quebec—say Hull, for instance.

Mr. BELL: Is it then your desire, Mr. Calder, having regard to all the circumstances, that any action taken in the way of reporting this witness to the House shall be deferred for the present, until you can look into the matter?

Mr. CALDER, K.C.: No. As far as I can see, my action in recommending his arrest, and suggesting it to the person who laid the complaint and information, that it should be done, is entirely irrespective of what the committee does.

Mr. BELL: That is the way I take it.

Mr. CALDER, K.C.: And subject to a better ruling of the committee, my own opinion is that the matter should be cleared up by a reference to the House, but that, of course, is only my own point of view.

Mr. BELL: It is certainly mine.

The CHAIRMAN: Anyway, we must take the evidence as left last night. He was released for the night, and from nine o'clock last night until half-past ten this morning, he was given time to consult a lawyer in Ottawa to get fresh advice to see if he would answer the question, and obey the order of the committee. At half-past ten, this witness did not come here. It was impossible for him to come here because he was under arrest. If he is freed on bail, then he will be ordered to appear again before us, to answer as to whether he wishes to obey the order or not. If he refuses to obey, then we will make a motion in committee, and report it to the House, and the House will do what it thinks fit.

Mr. BELL: Have we any positive information that he is at this moment under detention without bail?

Mr. CALDER, K.C.: I can give that information to the committee. I state upon my responsibility as counsel, that he is now under detention without bail, until to-morrow morning, and he can easily be brought here.

The CHAIRMAN: When released, he can be brought here by Mr. Lachance.

Mr. CALDER, K.C.: The two jurisdictions are not mutually exclusive. I imagine the committee could order him brought here.

The CHAIRMAN: I am ready to follow the evidence from last evening, and the position taken by the committee last evening. We are bound to go from that point. I don't see any other issue.

Mr. BELL: Then I ask that he be brought here.

Mr. CALDER, K.C.: Mr. Lachance, will you see that he is brought here?

Mr. LACHANCE: When?

Mr. CALDER, K.C.: Now.

Mr. LACHANCE: Yes sir.

ULRIC TREMBLAY recalled.

(The evidence of this witness was given in French, and interpreted by Mr. Beauchamp, Official Interpreter).

The WITNESS: I would like to explain that when Mr. Neill asked me to take those boxes, he told me they were to be unloaded in the shed at Montreal, on the Victoria Pier. Afterwards I asked him $2.00 a box because the loading was to be done offshore, at sea—it was to be done from a vessel. Had the loading been done from the wharf, I would have charged him the ordinary tariff, which is fifty cents a box. As all this loading was done offshore, a couple of weeks would have been required to complete the work. It was in the fall. That is the reason why I asked him $2.00 a box. I never had any knowledge that the Americans intended defrauding the Customs.

By Mr. Calder, K.C.:

Q. What was the name of that boat which you met offshore?—A. I don't recall its name.

Q. See here, Captain Tremblay.—A. I only met that boat on one occasion.

Q. Please help the Committee as much as possible.—A. I would help the Committee, if I remembered the name.

Q. You were told, before leaving on that trip, what boat you were to meet? —A. Not at all. The vessel was mentioned; the American, Neill, sent two men to me; they were Stewart and Campbell, and they were to point out the vessel to me. The name of the boat was never mentioned.

Q. Was not the name of the boat painted on the bow of the vessel?—A. The name of the boat was written, but I don't remember what it is. I would be pleased to give the name, if I knew it. I have no interest whatever to withhold the name of the boat.

Q. You did know how important it was to keep the log book. You did not even enter it in your log book?—A. That is never entered.

Q. Why not?—A. Not in the log book. I know that one must keep a log book; the log book must contain every important incident relating to navigation.

Q. It seems to me that the fact of meeting a boat at sea, and transhiping a cargo during a whole day, or half a day, is a sufficiently important incident to record?—A. If I knew the name of the boat, I would give it with pleasure. I have nothing to withhold.

Q. Then you can not recall, in any way, the name of that vessel?—A. No, I can not.

Q. It was an American vessel?—A. The Americans told me, that is Mr. Neill and Mr. Campbell, after we had taken the cargo on board our own vessel; Mr. Stewart stated that this vessel belonged to a party named Neill and Neill belonged to Nova Scotia. That this vessel had been built at Lunenburg. The Captain belonged to Newfoundland, Fortune Bay.

Q. It is quite improbable that a boat registered either in Nova Scotia or Newfoundland, would have a name as long as one's arm?—A. I am speaking of the name of the vessel without any reference to the place where the vessel was registered; the name was a very long one, I cannot recall that name.

Q. Did Mr. Neill tell you where the liquor had been secured?—A. I never had any conversation with Mr. Neill about the liquor.

Q. Did you learn at the time that transhipment of liquor took place, that it was liquor?—A. After we started the transhipment, some of the boxes started to leak.

Q. Then you learnt that the contents were liquor?—A. I learnt that it was liquor from the odor.

Q. Did you make any protest?—A. I told the Americans that this was liquor. They told me to have no fears, that everything had been fixed or

arranged in Montreal since the unloading was to be carried out at our own shed in Montreal. We would not risk unloading such a cargo without arrangements having been made in Montreal.

Q. What did you understand by their statement that everything would be arranged satisfactorily with respect to that cargo?—A. I understood that this could be done in various ways.

Q. One manner would be to make arrangements to pay the Customs duty? —A. Possibly it might have been arranged by paying the duty on the cargo.

Q. Or possibly somebody had been bought in order to allow that cargo to go through?—A. I was quite aware that in a case where 5,000 boxes were to be unloaded in Montreal, that some arrangements must have been made previously.

Q. Was it from that moment that you handled your vessel in such a manner that you would pass by Quebec, and other important ports, under the cover of darkness, night or fog?—A. I left the spot where the trans-shipping took place at four o'clock in the morning. It snowed all day, and the American asked me to stop at a point where it would be possible for him to telephone to Montreal in order to secure instructions. The point which I considered most favourable for landing was at the Saguenay, at St. Catherine's. I arrived there at about eight o'clock; he landed in order to telephone to his boss in Montreal, and the boss told him that everything was satisfactory in Montreal, to proceed up the river and meet the yacht at the Port of St. Francis.

Q. Where is the Port of St. Francis?—A. It is above Three Rivers. He told me that the yacht would meet us there, and that once we had arrived at that point, he would give us orders. We left at about nine o'clock Monday night and passed Quebec at about eight o'clock at night. And we passed Three Rivers at about three or four o'clock in the afternoon.

Q. Did you extinguish the lights of the barge, as you proceed up the river, or was it very foggy?—A. The weather was fine, the weather was clear.

Q. The persons who were trying to pick you out from the shore swear they did not see you at all?—A. They must not have been looking very well.

Q. They stated it was foggy, and you had passed when there was a storm? —A. I swear that the river was clear, and that we passed at night. We do not proceed up the river to Montreal when a storm is raging.

Q. Did you unload part of the cargo while you were on your way, that is, at Saint Sulpice?—A. Neill's yacht was at Three Rivers, that is the yacht Sioux. After we had passed the signal service, the yacht followed us. Some distance above Three Rivers there was a small barge belonging to Captain Pepin. Captain Pepin's barge met us, and Captain Pepin told us he had orders to take twelve hundred cases. The yacht also met us and gave us similar information. We trans-shipped twelve hundred cases to the barge Pepin. The yacht was to take one thousand cases, but as there was quite a lot of ice coming out of the Nicolet River, and the yacht was of rather light construction, he asked me if I would be willing to proceed some distance up the lake, that he would follow behind, and once we were in the lake, he would come alongside and would then take one thousand cases. I proceeded up the river some distance, on the lake when he came alongside and told me he would not remove any cases from the barge, that he would go up to see Frank and get orders from him. He then asked me to proceed up the river and to anchor at Bouchard Island, and he would come and give orders on the following day.

Q. At that moment, Captain Tremblay, you must have concluded that smuggled goods were involved?—A. No, I was always under the impression that a cargo of liquor such as that could not pass at Quebec, or proceed up the river in day time, and pass at Three Rivers without the Customs duty being paid, or some arrangement being made at Montreal. The barge came and met us in the afternoon, in broad daylight.

Q. Was there a Customs officer on board one vessel or the other?—A. No, there was not.

Q. You figure then that a Customs entry can be made without a Customs officer being present to make inquiries as to the cargo?—A. I thought that. I had never transported this kind of goods.

Q. You were asked whether you did not realize, when they started to put the cargo over the side a little above Three Rivers, if you did not know that smuggling was going on, and you said "no," that you thought the matter might have been arranged at Montreal or Three Rivers, to make it thoroughly regular. You did not make any protests, and state something to this effect: "I took that cargo with instructions to bring it to Montreal, I am the master of my vessel, and I will see to it that the cargo reaches Montreal?"—A. No, I did not.

Mr. BELL: When you come to a convenient place to stop, Mr. Calder, may I interrupt you long enough to bring up another matter?

Mr. CALDER, K.C.: Yes, certainly, we will stop now. This is just as convenient a spot as another. Shall we recall Mr. Telford?

Mr. BELL: Yes.

Witness retired.

SIDNEY TELFORD recalled.

By the Chairman:

Q. Mr. Telford, are you of the same disposition as you were last night?—A. Well, I do not feel quite the same as I did.

Q. What?—A. I do not feel quite the same as I did.

Q. Did you go and consult a lawyer?—A. Well, I thought he might be here.

Mr. CALDER, K.C.: His counsel was here this morning.

By the Chairman:

Q. To-day are you ready to obey the order of the Committee?—A. Well, I thought he was here. He was going to be here.

Q. What?—A. I thought he was here this afternoon. I have not seen him since noon.

Q. What is the name of your lawyer?—A. J. E. Caldwell.

Q. Of Ottawa?—A. Yes.

By Mr. Calder, K.C.:

Q. Mr. Telford, please realize that this matter is entirely within your own hands. You are the owner of these goods, you have full control of them; you may feel sure that the United States will not declare war on Canada, if you go over there with an officer and show him what is in that warehouse. Are you willing to do that?—A. Well, I think I would be, if you clear out some of that other stuff, where I was not feeling good.

Q. You have full notice penetentia, you can make complete reparation to the Committee by doing that, and I will undertake that the proceedings which were launched independently of the Committee will be concluded in such a way that if you demonstrate that the goods are there, there will be nothing more to do about it. Are you satisfied to do that?—A. Yes. That can be done next week.

Q. The condition I would suggest to the Committee is this: That you go down with Mr. Knox, and that tomorrow morning stock will be taken. Is that satisfactory?—A. I think it is.

By Mr. Donaghy:

Q. How far from the boundary are you?—A. Not very far.

(At this juncture, Mr. J. E. Caldwell, counsel for Mr. Telford, appeared before the Committee).

Mr. CALDER, K.C.: Mr. Caldwell, the present position is this; that Mr. Telford will go down to Rock Island, show the contents of the warehouse, and allow a check of it.

Mr. CALDWELL: I thought as I came in I caught the word "parole". He is not in the custody of the Committee, is he?

Mr. CALDER, K.C.: No, he is not in the custody of the Committee, he is in the custody of the Court at Ottawa, and the Committee is not doing anything; I started the proceedings on my own responsibility, not the Committee. It is not the Committee that is talking to you now. In order to facilitate the carrying out of this promise, my suggestion is that he be brought before the magistrate this afternoon, and that the complainant Knox shall state that he has no objection to Mr. Telford being paroled.

Mr. CALDWELL: I think I have some objection to that. There is no reason why he should be kept in custody here, or in the control of the Committee.

Mr. CALDER, K.C.: If you stand upon your strict rights, there is nothing more to be said. He will go back and appear before the magistrate tomorrow morning. We are trying to consult Mr. Telford's comfort, and bring this absurd incident to a close. If Mr. Telford is correct in informing the Committee that the $6,000 worth of goods is in the warehouse, he goes out of this precinct completely exonerated, and merely charged with having been a little stubborn. Of course, if his counsel will not meet us in this respect, that is different.

Mr. CALDWELL: My objection is that regular means should have been applied. I think I am justified in saying that.

Mr. CALDER, K.C.: That is not a matter for the Committee; that is a matter which can be discussed independently.

Mr. CALDWELL: No, I think not.

Mr. DONAGHY: The point is, Mr. Calder suggests that the police take him in custody to Rock Island, that he shall give authority to our officers to go and search his warehouse and take stock. Do you advise him to do that, or do you not?

Mr. CALDWELL: I wish before that is done, that he shall be returned to the Court tomorrow morning. I am not sure that anything can be done this afternoon.

The CHAIRMAN: Suppose you refuse. He is here, on the order of the Committee to report. There is a criminal procedure in Ontario now. He is only under an order of the Committee to appear this morning. If he refuses to comply with that order of the Committee, a motion will be made to return him to the House, and if he wants to obey in the presence of the Speaker, he will have to go down under custody to Rock Island, and open that barn and show what there is in it. That is the procedure in Ontario. Perhaps it is on the main road to go to jail, and you may succeed via the House of Commons. He may reach the same end either way.

Mr. CALDWELL: While I am advising Mr. Telford to submit to the Committee, and while he is doing what he can so far, that in itself is enough to meet without being complicated with other matters. The Committee has dissociated itself from them, and Mr. Calder assumes the dual responsibility of prosecuting in the police court and before the Committee. I would rather keep them separate.

Mr. BELL: He is doing that with our full approbation.

The CHAIRMAN: We do not care anything about the arrest before the Criminal Court in Ontario; all we care about is our meeting as a Parliamentary Committee. He is our witness; he was advised to see an Ottawa lawyer, and see whether he would answer or not, and to be back here at half past ten o'clock this morning. Other circumstances prevented him being heard; he is

here now, and if he will not obey the order of the Committee, we will return him to the House.

Mr. CALDWELL: The order of the Committee being what?

The CHAIRMAN: He has assented to going down to Rock Island, and granting the information that the Committee is seeking just now.

Mr. CALDER, K.C.: Speaking in my other capacity, to which you have alluded, Mr. Caldwell, that is, my capacity as a citizen, or as an adviser of the citizens, we are trying to facilitate the matter by having your client go before the magistrate this afternoon instead of to-morrow morning; he goes down in the technical custody of Mr. Knox, but you may be sure that Mr. Knox will neither shackle him nor fetter him. That is a possibility remote, but I want Mr. Knox to go down with him, and that the warehouse should be opened to-morrow and checked to-morrow, not later, nor after an interval during which something might be done. That is plain.

Mr. BELL: You were not present when Mr. Calder stated a few minutes ago, on his own responsibility, that if the order was complied with, he would use his good offices in relieving your client of the charge against him.

Mr. CALDWELL: I would have to thank him for very little. He knows why I say so.

Mr. CALDER, K.C.: That objection could be met, because he could be released here, and picked up again in the other province.

Mr. CALDWELL: I understand that.

The CHAIRMAN: I only look at the procedure before this Committee, Mr. Caldwell. Your client has assented to go to Rock Island and go to his barn at Derby Line with an officer and an auditor of the Committee, to check the goods there; he has assented to that, and on his own motion, and the order of the Committee is that he should go down with Mr. Knox, an official of the Department of Customs of Canada, along with our auditor, Mr. Nash, and verify the goods in the barn. That is my order, and any other order I refuse to make.

Mr. CALDER, K.C.: I may say that with respect to the charge, the best course to counsel your client to take is that he demonstrate that the charge is unfounded. You may be sure that if that warehouse contains the stuff that Mr. Telford says was there, then not only will we withdraw the charge, but we will make such public exoneration as may be required under the circumstances, although we will have to state that we had reasonable and probable cause.

Mr. CALDWELL: But not to assert jurisdiction?

Mr. BELL: That is not a matter preliminary.

Mr. CALDWELL: Except that my client is involved in it, and I wish to get him out of it, because it is illegal.

The CHAIRMAN: That is the other side of the question. If he goes to Rock Island, he will be obliged to report here again.

Mr. CALDWELL: Why should he?

Mr. CALDER, K.C.: I have had matters like this up before. If you will look at the Act, you will see that it ordains that no matter where smuggling arises, it may be prosecuted in any jurisdiction. There is only the question whether they will permit you to go across the provincial line, which is a very nice point.

Mr. CALDWELL: You are under the Code now?

Mr. CALDER, K.C.: It will be too nice for Mr. Telford to learn it by twenty-four hours extra imprisonment.

Mr. DONAGHY: You had better advise your client to comply with the wishes of the Committee. Do you want a little time to think it over?

Mr. CALDWELL: I might do that.

Mr. BELL: He has already assented to it.

Mr. DONAGHY: We will give Mr. Caldwell ten minutes.

The CHAIRMAN: Get it in your mind, Mr. Caldwell, that we are not trying the complaint or the offense of smuggling; we are only asking your client to comply with an order made by the Committee. If he is ready to comply, we will take the other steps. I do not care what other steps are taken.

Mr. CALDWELL: I cannot blame the Committee. I am acting for my client, not for the Committee.

Mr. CALDER, K.C.: I will take the blame for it, if there is any.

Witness retired.

Captain ULRIC TREMBLAY recalled.

By Mr. Calder:

(Examination conducted in French and interpreted by Mr. Beauchamp, Official Interpreter.)

Q. We have now reached the Bouchard Island. That was on the night of the 20th.—A. We reached that point in the morning.

Q. You mean the night the seizure was made?—A. It was on the day the seizure was made.

Q. Did you meet any persons at Bouchard Island?—A. We anchored there between eight and nine o'clock, and in the afternoon at 3 o'clock the yacht Sioux came there.

Q. You refer to the Sioux?—A. Yes, it was the Sioux.

Q. What persons were aboard the Sioux?—A. There was Captain Clark, and an American and Pilot Dufresne.

Q. Did you receive orders there to proceed to Ste. Sulpice?—A. They told me then to moor at the Ste. Sulpice wharf at ten o'clock at night.

Q. At what hour did you receive those instructions?—A. It was at about half past three in the afternoon. At about three o'clock in the afternoon.

Q. How long would it take you to reach Ste. Sulpice wharf?—A. It was a matter of about five minutes time. It was close, near at hand.

Q. Then your suspicion must have been aroused when they told you to wait until ten o'clock that night?—A. Well I might suspect it.

Q. Did they tell you that there was a customs officer there?—A. They made no mention of a customs officer.

Q. Then you started to unload the cargo?—A. After I had moored at the wharf, Captain Perrault was at the hotel. Captain Clark came on the wharf and told me that Captain Perrault insisted on seeing me at once at the hotel.

Q. Then what transpired?—A. I left the barge and went to see Captain Perrault. Captain Perrault was then at the hotel and spoke to me.

Q. Were the Americans there?—A. The Americans were not in the hotel, they were outside.

Q. How many Americans were there at that time?—A. There was Neill.

Q. Was Campbell there also?—A. Campbell, Stewart, and Clark who was the Captain of the Sioux.

Q. When the officers of the Provincial Police arrived were all the Americans still there?—A. Yes they were.

Q. How did it happen that only two of them remained?—A. When the seizure was made I was conversing with Captain Perrault in the hotel. Three Americans entered the hotel and said: "Beat it, beat it." They entered by the front door and went out by the back door. I followed them and we went near a shed that was there. They told me that there were three persons on the wharf who wanted to see the Captain. Those persons were the officers of the Quebec Liquor Commission who were on the wharf.

Q. How did it happen that they did not all leave at once and that some of them remained?—A. Only one of them remained on board the vessel and that party was Campbell.

Q. There were two?—A. The other was a sailor of the Sioux who had landed, and after the seizure was made the Sioux left and Campbell remained aboard the barge with the sailor of the Sioux.

Q. Then it was not Stewart?—A. No Stewart did not accompany us up the river.

Q. How did it happen that Campbell remained?—A. Campbell remained with us. That is after the seizure he proceeded to the hotel and tried to locate Neill and Stewart, and they had all left.

Q. Who arrived on the scene some time later, that is there was a big man? —A. I did not see anybody arrive in a car, but about an hour later an individual came on the wharf and said that he had come to see the barge.

Q. That person is Duval?—A. I don't know if it was Duval.

Q. Previous to that was there not another car came on the wharf?—A. The only car I saw was the car containing the persons who came to make the seizure.

Q. During that whole period did you hear the names of the Customs officers Bisaillon and Duval mentioned at any time?—A. No I did not.

Q. Did Campbell or Stewart not say: "We have been double crossed by Bisaillon"?—A. There was not a word mentioned to that effect.

Mr. CALDER, K.C. (Reads):

> "I said, what is the cargo. He said, liquor. Well, I said, what are you going to do with it in Montreal. He said we are putting it in bond, we have to put it in bond. I said, all right. Let us go down and see what Tremblay has got to say. So we went down to see Tremblay, and I asked Tremblay what he wanted done. He explained to me that these people were strangers to him, and he did not know them and that they were talking of bringing a cargo of liquor up to Montreal; if it is put in bond when it gets there and there is nobody to pay him his freight he will have to look pretty long to get his freight; so that if I would hold the money for him, as he knew me as Harbour Master, that he could depend on me as Harbour Master, that he would bring the freight, as long as I held the money in trust. I asked him where he was going to land the cargo. He said, in my own shed here on the Victoria Pier. I said, well, you are sure of doing that. He said, yes, sir, because if I don't land it here and I do land it somewhere else, I will probably lose my ship; and he said, my ship is worth more than $5,000, she is forth more than $20,000 to me. I said, all right, Tremblay, as long as you will land it here in Montreal and the stuff is put in bond, you will get your money from me, and you are not doing wrong as far as I can see. So then, Mr. Neill, took the money out of his pocket and counted it."

The WITNESS: I understood what you read, you need not translate it.

Mr. CALDER, K.C.: The question preceding the reading of the extracts from the evidence, "You heard Captain Symons give his testimony at the trial" The reply was, "Yes." "You understood what he was saying?" He said he understood here and there, had a pretty good idea of it. Then the extract was read to the witness and the witness said that I did not need to translate it, that he understood it. The gist of the rest of his testimony is that although he recognizes Captain Symons said that it is not a correct version of what occurred. As far as Captain Symons is concerned the only transaction that Captain Symons was interested in, the only thing that was discussed was the deposit of the money in Captain Symons' hands in a sealed envelope with a receipt.

Hon. Mr. STEVENS: Does Captain Tremblay suggest to the committee he did not know he was doing wrong in landing that cargo?

Mr. CALDER, K.C.: That is his statement right along.

Hon. Mr. STEVENS: It is too thin.

Mr. CALDER, K.C.: He thought arrangements had been made with the Customs House.

Hon. Mr. STEVENS: He has been travelling up and down the river constantly, he has made trips.

Mr. CALDER, K.C.: He said this is the first transaction he ever had in liquor or dutiable goods.

Hon. Mr. STEVENS: He had a special experience the trip before, where the Customs Officer searched his boat from top to bottom. That is all nonsence.

The WITNESS: I made that trip same as I would if I was carrying ordinary cargo, because they always told me after I knew that the cargo was a cargo of liquor, "Do not be afraid at Montreal, everything is o.k."

By Mr. St. Pere:

Q. What did they tell you?—A. They told me not to be afraid, that everything would be o.k. in Montreal.

Q. That everything was satisfactory in Montreal with respect to the Customs authority, that was your understanding, was it not?—A. That is what they always told me after I had loaded the whiskey on to my barge.

By Mr. Calder, K.C.:

Q. Mr. Stevens asked you if your vessel was not searched on a couple of occasions previous to that?—A. Yes, a couple of times. One always has friends. I went for a load of salt in Nova Scotia. They searched my vessel at Quebec and Montreal. One always has friends.

Q. That is not the point which Mr. Stevens put, to you. The point is this: you must have been advised, or must have known that the Customs authorities were watching your vessel?—A. Yes, a couple of times, on a couple of previous trips my vessel was searched, but my vessel is not the only vessel that was searched. Had I known that the cargo was a liquor cargo I would not have undertaken the trip.

By Mr. St. Pere:

Q. When the search of your vessel was made nothing was found?—A. No, there was nothing whatsoever.

Mr. BELL: Could we interrupt you again, Mr. Calder, and see exactly what is going to be done about this other matter?

Mr. CALDER, K.C.: Have you any further questions to ask Captain Tremblay? I am through with him if you will just allow me to ask one or two more questions.

By Mr. Calder, K.C.:

Q. Was your barge mortgaged?—A. Yes, sir.

Q. For what amounts, at the time the seizure was made?—A. At the time of the seizure the following mortgages were held against the barge: Banque Canadien Nationale has a mortgage for $2,300, F. X. Drolet & Co. of Quebec hold a mortgage of $5,000, and the Canadian Fairbanks Morse Company have a mortgage of $6,000. That was registered at the Customs at Quebec and when the barge was released the same mortgages were on the barge.

Q. Where was your barge insured for the winter?—A. At Quebec. That is to say, that the vessel was to pass the winter at Quebec in order to get the benefit of insurance.

Q. Have you your insurance policy with you? It is a rather odd kind of insurance policy.—A. I have those insurance policies at Quebec.

Q. If the ice had caught you in the port of Montreal you would not have had the benefit of the insurance.—A. I believe I would have had the benefit of the insurance, but I do not know. The insurance policy runs from the 15th April to the 1st December. I asked for clearance in order that I would be in position to proceed to Quebec. The same Customs authorities were at Quebec. I told them that they could watch or look after the vessel just as well in Quebec as they could in Montreal and that it would be more advantageous to place the vessel in Quebec for the winter.

By the Chairman:

Q. You live in Quebec?—A. Yes, I live in Quebec.

Q. The home port of that barge is in Quebec?—A. Yes, at Quebec.

Mr. St. PERE: The Customs Department placed or sent two detectives aboard the barge at Quebec.

By Mr. St. Pere:

Q. What value do you place on your barge at the present time?—A. At the present time, $5,000.

By Mr. Calder, K.C.:

Q. That is free of all mortgages?—A. No, $5,000 in all. I will give you reasons.

By Mr. St. Pere:

Q. What is the tonnage of your barge?—A. 147 tons.

Witness retired.

SIDNEY TELFORD recalled.

The CHAIRMAN: Well, Mr. Telford, after consulting with your lawyer, what have you got to say?

Mr. TELFORD: I will let my counsel speak for me.

Mr. CALDWELL: It appears to me—perhaps I have been foolish at the outset, so far as I know, not to have acceded to the request of the auditor, or that of the committee yesterday, but Mr. Telford has been advised by his own lawyer, who knows his business, and I suppose knows what he meant when he first advised him. I came into this only to-day—

The CHAIRMAN: I understand.

Mr. CALDWELL: (Continuing) I cannot see yet why the advice was given. There may have been a perfectly good reason for it. All I can do is ask for time. Let Mr. Telford remain here. I just asked Mr. Telford a few minutes ago what this meant about this report about his wanting to leave, and that is why he was arrested. He said that was quite foolish. It was the man who was with him who was leaving this morning, and he had no thought of doing it—

The CHAIRMAN: Get away from that.

Mr. DONAGHY: We don't want to go into that now.

Mr. CALDWELL: I seem at a loss. It seems the request of the committee is reasonable. There may have been, and I think there should have been good reason why he was advised not to accede to the request. I would like to ask for a little time.

The CHAIRMAN: We will not delay this committee to see if Mr. Telford is to answer or not.

Hon. Mr. STEVENS: This is trifling, and utter nonsense.

The CHAIRMAN: If he goes down to Rock Island, and has his warehouse inspected in the presence of Inspector Knox and our auditor, Mr. Nash, the com-

mittee will assure you that after this has been investigated, your client will be returned to you at the Court House in Ottawa.

Mr. CALDWELL: That would mean he would have to remain in custody for to-night and perhaps other nights, depending on when he could come back. I submit it is only fair that he be given an opportunity to be heard to-morrow morning, and if he is held improperly, he should be freed, and I think this committee has enough authority to have somebody go with Mr. Telford to his place—

The CHAIRMAN: The question is too simple to have the committee delayed this way.

Mr. DONAGHY: You have heard what the Chairman said, Mr. Caldwell. You had better give us your answer.

Mr. CALDWELL: My own impression is he should be guided by the advice he got.

The CHAIRMAN: Which, I humbly submit, he is not compelled to follow.

Mr. BELL: Which is he going to do? I think that is the only thing which concerns us now.

Mr. CALDWELL: I prefer he should wait until to-morrow morning. After that, if he is willing to go, it is only fair, I suppose.

Mr. DONAGHY: What is your answer?

The CHAIRMAN: He does not have to do as his attorney advises.

Mr. DONAGHY: What is the answer?

Mr. BELL: What is the answer? Is he going to do what he has been asked to do, or not?

Mr. CALDWELL: I am ready to do it as soon as he has had an opportunity to be released from custody to-morrow, and then go with Mr. Knox or whoever the committee may wish.

Mr. DONAGHY: The Chairman has ruled there will be no delay. What is your answer?

Mr. CALDWELL: If this delay be not granted, I suppose I must advise he should follow the original advice, which may have been good.

The CHAIRMAN: Don't shoulder your responsibility on the first advice, because the man giving that advice has to face the situation, and he may give him other advice. Don't shoulder it on to somebody else; assume your own responsibility with your client, and if you choose the last one, you are going to defend him before the bar of the House, and you can make your speech there.

Mr. BELL: We want an answer now—

Hon. Mr. STEVENS: From the witness.

Mr. CALDER, K.C.: I am essentially a conciliator. If Mr. Caldwell will undertake for his client that he will go down with Mr. Knox, or whatever officer may be appointed to go down there, keep him in his custody, and to remain with him until he gets down there, and comply with the order of the House, then I will instruct the complainant to go and withdraw the charge. How about that?

Mr. CALDWELL: That sounds reasonable; that sounds more like business.

Mr. BELL: It was like business from the first; don't say that.

Mr. CALDER, K.C.: I am merely going farther in the direction of conciliation than I should, but we want to get the contents of the warehouse. I have never lost that point of view.

Mr. CALDWELL: All right.

Mr. CALDER, K.C.: You will undertake that Mr. Telford will go down with Mr. Knox and not leave him until you reach the warehouse?

Mr. CALDWELL: That is an undertaking.

Mr. BELL: And he will open the warehouse to him?

Mr. CALDWELL: Yes.

Hon. Mr. STEVENS: Do you undertake that yourself, Mr. Telford?

Mr. CALDWELL: Yes.

Hon. Mr. STEVENS: Let him answer for himself.
Mr. TELFORD: Yes.
The CHAIRMAN: All right. You are discharged for the time being.
The witness retired.

ULRIC TREMBLAY recalled.

The WITNESS: Where there was only one vessel two or three years ago, there are now seven or eight, and as a consequence, a vessel has no longer any value.

By Mr. St. Père:

Q. Then you contend that competition has reduced the value of your vessels?—A. The vessels have no longer any business.

By Mr. Doucet:

Q. Captain Tremblay, where did you meet the vessel?—A. The first time I met the vessel it was five miles off shore at Matane—on the south shore.

Q. Where did the transhipment of liquor take place?—A. On the north shore, at St. Pocars, opposite Matane.

Q. At what distance off shore was it?—A. It would be about three miles off shore.

Q. You say that at about three miles off shore, opposite St. Pocars, you transhipped the liquor?—A. Yes, I did.

Q. And you do not recall the name of that vessel from which you transshipped the liquor?—A. Not at all. I only saw that vessel once, and I do not recall the name.

Q. It was a sailing vessel?—A. Yes.

Q. Was it a three-master?—A. No, it was a two-master.

Q. Could you give us the approximate tonnage of that vessel?—A. It would be about a one hundred ton vessel; it was a round bow vessel with two masts.

Q. Would it not more likely be a vessel of 125 tons?—A. It would be between 100 and 125 tons.

Q. Would it not be possible to refresh your memory with respect to the name of the vessel?—A. If someone gave me the exact name, I would recall it.

Q. I am advised that the name of that vessel was the Mildred Adam?—A. No; it was not under that name; it was a name, that began, I believe, with Mary something.

Q. Did it not begin with a name Madeline?—A. No.

Q. Would it be the Mildred Adams?—A. No, it was not that.

Q. Would it be the vessel Marie Duff? There are these three vessels which were supposed to be in the vicinity of Matane?—A. It is not that name at all. I have no interest in hiding the name. I had no interest in the liquor cargo. The name of that vessel from which transhipment was made is not among those three names; it is something like the name Madeline Adams, which you mentioned.

Q. You can not swear as to that?—A. No. I can not swear as to that, but it is a name such as you have mentioned.

Q. But what it is, you have no knowledge at this moment?—A. Yes, it would be that name. The first name of the vessel was rather a long name.

Q. You make trips between Montreal, Quebec, and the Bay of Chaleur?—A. Yes. We make the trip to Quebec, the Gaspé coast, Bay of Chaleur, Caraquet, N.B., Lamèque, and Shippigan.

Q. Did you land at Miscou?—A. No, we didn't.

Q. Do you recall ever having met the vessel "Shepherd King" in the Bay of Chaleur?—A. No, I didn't meet that vessel, but it was anchored all summer in the Bay of Chaleur.

Q. Captain Tremblay, do you recall the port of register of that particular vessel, Madeline Adams?—A. It was Lunenburg.

By Mr. St. Père:

Q. What trips did you make following upon the seizure of the barge; did you make any more trips to Montreal?—A. We carried on the same service last summer.

Q. What kind of goods did you carry?—A. General merchandise.

Q. You never transported any liquor?—A. No.

Q. You stated a moment ago that business was bad, as far as navigation goes; yet you stated that you were able to pay off mortgages. With what money did you pay off those mortgages?—A. I paid off mortgages with $10,000 of insurance which I received after my father's death; that was in October last year. There was also a property in Quebec which I sold after the seizure of the barge.

The CHAIRMAN: You are discharged.

Witness discharged.

ULRIC TREMBLAY est appelé et assermenté.

Le président:

Q. Désirez-vous témoigner en anglais ou en français?—R. En français.

M. Calder, C.R.:

Q. Vous êtes le commandant de la barge *Tremblay?*—R. Oui, monsieur.

Q. A qui appartient la barge *Tremblay?*—R. Elle appartient à la Compagnie de transport de Gaspé, Limitée.

Q. Est-ce qu'elle a appartenu à une autre compagnie, en 1924?—R. Ça été la même compagnie.

Q. Etes-vous porteur de parts dans cette compagnie-là?—R. Porteur de part et directeur.

Q. Vous avez une part de directeur?—R. J'ai une part et je suis directeur de la compagnie.

Q. Vous avez une part et vous êtes directeur?—R. Oui.

Q. Quels sont les actionnaires principaux?—R. Les actionnaires principaux sont mes frères,—on est quatre frères,—et le père.

Q. C'est une affaire de famille, alors?—R. Oui.

Q. Avez-vous le livre de bord de la barge *Tremblay?*—R. Je n'ai pas de livre.

Q. Vous n'avez pas de livre de bord?—R. Quand on a déchargé le whisky, le soir qu'on a déchargé le whisky à Montréal, le feu a pris; il a été renversé du whisky dans la cabine, le feu a pris et toute cette partie a été brûlée, et ça été endommagé par le feu.

Q. Est-ce que vous avez ouvert un nouveau livre de bord, à ce moment-là?—R. Non, monsieur, on est parti; on a été dix jours à Montréal; dans le temps on était sous saisie.

Q. Aviez-vous un livre de bord?—R. On avait un livre de bord.

Q. Il n'a pas été brûlé, il a été gâté par l'eau?—R. Il a été gâté par l'eau et par le feu. Toute notre papeterie et les manifestes, tout a été gaspillé.

Q. Vous auriez dû les garder, parce que cela se reconstitue, ces choses-là.—R. C'est une chose.... ; c'était tellement endommagé, tous nos manifestes; notre papeterie a été gaspillée par l'eau et par le feu.

Q. Est-ce que vous tenez un livre de bord, maintenant?—R. Oui, monsieur.

Q. Quand êtes-vous devenu possesseur de la barge *Tremblay?*—R. Vers le 15 avril 1925.

Q. 1925?—R. Le printemps dernier.

Q. Avant cela, à qui appartenait-elle?—R. C'est nous autres qui avons bâti la barge, en 1916.

Q. Vous l'avez bâtie en 1916?—R. Oui.

Q. A combien l'évaluez-vous?—R. Dans le temps ou aujourd'hui?

Q. Neuve.—R. Neuve, elle a été évaluée à $30,000—dans le temps de la guerre.

Q. Dans le temps de la guerre elle a été évaluée à $39,000?—R. Elle nous a coûté $30,000 pour la construire.

Q. Etait-ce une barge à vapeur, dans ce temps-là—R. Une barge à vapeur.

Q. Alors, le véritable état de choses c'est que vous avez construit la barge *Tremblay*, elle vous appartenant, à vous, vos frères et votre père, en commun, en société, et vous avez converti votre société en corporation à responsabilité limitée?—R. En corporation à responsabilité limitée, en 1918.

Q. En 1918?—R. En 1918, elle portait le nom de "La compagnie de navigation Tremblay, Limitée".

Q. Et cette compagnie a été convertie à quoi?—R. En 1922 ou 1923, ça été changée en "La compagnie de transport de Gaspé, Limitée".

Q. Aquelle époque votre navire a-t-il été nolisé pour le transport de la boisson qui a été saisie? Quand est-ce qu'on vous en a parlé, pour la première fois?—R. Vers le 28 octobre 1924.

Q. Qui est-ce qui vous en a parlé?—R. C'est M. Perrault. J'étais à bord du *Gaspesia*, le bateau de la Clark Steamship, à causer avec le capitaine, et un "waiter" est venu me dire que le capitaine Perrault, assistant maître du port, voulait me voir. En sortant de la cabine, j'ai rencontré le capitaine Perrault avec deux étrangers.

Q. Est-ce qu'il vous les a présentés?—R. Il m'a présenté M. Neil et George Hearn. Ça fait qu'il m'a dit: "Ces gens-là veulent avoir un vaisseau pour aller chercher un voyage de boîtes, dans le golfe". Il a dit: "Arrange-toi avec eux autres; moi, je ne veux pas avoir d'affaires là dedans".

Q. C'était, vous dites, le 28 novembre?—R. Le 28 octobre.

Q. Pas mal longtemps avant le voyage?—R. C'est tout de suite, je suis parti deux jours après.

Q. Est-ce que Neil était à bord?—R. A bord du *Gaspesia?*

Q. Non, du *Tremblay*.—R. Non. c'est la première journée que je les ai rencontrés, dans l'après-midi. Ça fait que j'ai rentré dans le "smoking room" avec Neil et George Hearn. Il m'a demandé combien je chargerais pour aller chercher 2,500 boîtes à bord d'une goélette, dans le golfe.

Q. 2,500 boîtes de quoi?—R. J'ai demandé quelle sorte de boîtes; il a dit que c'était des boîtes de dix-huit pouces carrés, qui pesaient à peu près 50 livres.

Q. Vous ne lui avez pas demandé ce que cela contenait?—R. Non.

Q. Vous deviniez assez bien?—R. Je vais vous dire, je ne suis pas devineur. Quand je charrie du fret je ne suis pas supposé demander ce que c'est.

Q. Vous saviez, avant de partir, que c'était de la boisson?—R. Non, je ne savais pas, avant de partir, que c'était de la boisson. Autrement, je n'y serais pas allé.

Q. Vous avez exigé d'être payé d'avance, et vous avez demandé que l'argent soit déposé entre les mains du capitaine Symons?—R. Je ne connaissais pas les gens et je ne voulais pas faire le voyage sans être payé.

Q. Connaissez-vous un autre fret au monde qui se transborde en mer, excepté de la boisson?—R. Il y a bien des choses qui peuvent se transborder.

Q. Je sais que cela peut se transborder, mais connaissez-vous autre chose que de la boisson que les marins transbordent en mer?—R. Il se transborde bien des choses; il peut se transborder de la marchandise sèche, il peut se transborder bien des choses.

Q. De vaisseau à vaisseau, sans aller dans des ports? Quand est-ce que cela s'est fait?—R. Je vais vous dire, ce n'est pas moi qui tiens les "logs" des

bâtiments. Quand même j'aurais demandé à Neil ou aux autres quelle marchandise c'était; si c'était de la boisson, ils ne me l'auraient certainement pas dit.

Q. Ils vous ont dit où rencontrer le vaisseau?—R. Ils m'ont dit où rencontrer le vaisseau, à six milles au large de Saint-Nicolas.

Q. Où est-ce Saint-Nicolas?—R. Sur la côte nord.

Q. Loin en bas de Québec?—R. 225 milles.

Q. 225 milles?—R. A peu près.

Q. Et c'est là que vous avez fait la stipulation que l'argent devait être versé au capitaine Symons, à votre ordre?—R. Oui. Il m'a demandé vu que les banques étaient fermées, il m'a demandé à qui je donnerais mon argent en garantie. Je connaissais le capitaine Symons très bien; il avait un "safe" à son bureau; je lui ai dit: "Je vais téléphoner au capitaine Symons en lui demandant s'il veut garder $5,000 jusqu'à mon retour de voyage."

Q. Votre premier prix, c'était $10,000? Vous avez baissé ensuite à $5,000? —R. Oui, monsieur.

La séance est ajournée à 3.30 hrs. de l'après-midi.

Je voudrais expliquer que quand M. Neil m'a demandé pour prendre ses boîtes, il m'a dit que c'était pour être déchargé dans la "shed" de Montréal, sur le quai Victoria. Je lui ai demandé $2 la boîte, pour la raison que c'était pour être pris au large, à bord d'une goélette; si c'avait été pour être mis sur les quais, comme cela se fait généralement, j'aurais suvi le tarif, qui est de 50 cents. Comme c'était au large, ça pouvait prendre une couple de semaines, vu que c'était à l'automne. C'est pour cette raison que j'ai demandé $2 la boîte. Je n'ai jamais eu connaissance que les Américains avaient l'intention de frauder les douanes.

M. Calder, C.R.:

Q. Quel est le nom de la goélette que vous avez rencontrée au large?—R. Je ne me rappelle pas le nom.

Q. Voyons monsieur Tremblay!—R. C'est une goélette que j'ai rencontrée seulement qu'une fois.

Q. Aidez donc le comité le plus possible.—R. Je l'aiderais avec plaisir si je m'en souvenais.

Q. On vous a dit, avant de partir, quelle embarcation vous deviez rencontrer?—R. Pas du tout. On a nommé une goélette. L'Américain, M. Neil, a envoyé deux hommes à moi, Stewart et Campbell, pour indiquer la goélette. Il n'a jamais été question de son nom.

Q. Est-ce que cette goélette n'avait pas son nom peint à la proue?—R. Le nom de la goélette était bien écrit, mais je ne me souviens pas de ce nom. Si je le savais, je le dirais avec plaisir. Je n'ai aucun intérêt à cacher son nom.

Q. Voyez-vous comme ce serait important d'avoir votre livre de bord; vous ne l'avez pas marqué dans votre livre?—R. Ça ne se marque jamais.

Q. Pourquoi?—R. Pas dans le "log book". Je sais qu'on doit tenir un livre de bord.

Q. Le livre de bord doit tenir compte de tout incident de la navigation, il me semble; accoster une goélette au large, prendre le chargement des boîtes, passer à cet ouvrage une demi-journée, peut-être une journée, c'est un incident suffisamment important pour être remarqué!—R. Si je savais le nom de la goélette, ce serait avec plaisir. Je n'ai aucun intérêt à cacher quoi que ce soit.

Q. Alors vous ne pouvez pas, en aucune façon, vous rappeler le nom du navire?—R. Non, monsieur.

Q. C'était un navire américain?—R. Les Américains m'ont dit, Neil et Campbell, après qu'on eût pris le chargement, que c'était une goélette qui appartenait à Neil, de la Nouvelle-Ecosse, et qu'elle avait été faite à Lunenburg, et que le capitaine était un capitaine de Terre-Neuve, de Baie Fortune.

Q. Il est peu probable qu'une goélette enregistrée en Nouvelle-Ecosse ou à Terre-Neuve avait un nom long comme le bras.—R. Le nom de la goélette, à part la place d'enregistrement était bien long. Je ne peux pas m'en souvenir.

Q. M. Neil vous a-t-il dit où la boisson avait été retenue?—R. Je n'ai jamais eu aucun pourparler avec Neil au sujet de la boisson.

Q. Avez-vous su, lors du transbordement des boîtes, que c'était de la boisson?—R. Après qu'ils eussent commencé à prendre les boîtes, quelques-unes de ces boîtes coulaient.

Q. Là, vous avez su que c'était de la boisson?—R. J'ai su que c'était de la boisson, par la senteur.

Q. Avez-vous protesté?—R. J'ai dit aux Américains que c'était de la boisson. Ils ont dit: "N'aie pas peur, tout est arrangé à Montréal; puisque l'on fait le déchargement dans ta "shed", à Montréal, on ne risquerait pas un déchargement comme cela sans què tout cela soit arrangé à Montréal."

Q. Qu'avez-vous compris par ces mots "sans que tout soit arrangé à Montréal"?—R. Ça pouvait se faire de bien des manières.

Q. Une manière, c'est de s'arranger de façon à payer la douane?—R. Ça, peut-être qu'ils s'étaient arrangés en payant les droits, quelque chose comme cela.

Q. Ou que quelqu'un ait été acheté pour la laisser passer?—R. Je savais bien que pour un déchargement de 5,000 caisses de boisson, à Montréal, il y avait des arrangements.

Q. C'est à ce moment-là que vous avez navigué votre barge de façon à passer Québec et les ports importants, soit à la nuit ou par un temps de brume? —R. J'ai parti de la place où on avait pris la boisson, vers quatre heures du matin; il a neigé toute la journée. L'Américain m'a demandé pour arrêter à une place pour téléphoner à Montréal, pour avoir des ordres. La place que je calculais la meilleure, c'était au Saguenay, à Saint-Catherine. Je suis entré là vers huit heures. Il a débarqué à terre pour téléphoner à Montréal, au "boss". Le "boss" lui a dit que tout était correct, de monter pour rencontrer le yatch au port Saint-François.

Q. Où est le port Saint-François?—R. En haut de Trois-Rivières. Que le yatch nous rencontrerait, et que là, il nous donnerait les ordres. On est parti vers neuf heures, le lundi soir; on a passé à Québec à huit heures du matin, et à Trois-Rivières, à trois ou quatre heures de l'après-midi.

Q. Avez-vous éteint vos lumières en montant, ou faisait-il brume?—R. Il faisait bien beau, beau clair.

Q. Cependant, les gens qui surveillaient la rive ont juré ici qu'ils ne vous ont pas vus?—R. Ils ne regardaient pas beaucoup.

Q. Ils ont dit qu'il faisait brume, que vous avez passé par un temps de tempête?—R. Je jure qu'il faisait bien beau. Il faisait noir, c'était la nuit. On ne monte pas dans la rivière, à Montréal, par une tempête de neige.

Q. Avez-vous déchargé une partie de la cargaison en route, à Saint-Sulpice? —R. Le yatch de Neil était à Trois-Rivières, le *Sioux*. Après avoir dépassé le "signal-service" le yatch est venu à notre rencontre. En haut de Trois-Rivières, il y avait une petite barge, la barge du capitaine Pépin, qui est venu nous rencontrer, en disant qu'il avait les ordres de prendre 1,200 caisses. Le yacht est venu nous trouver, il a dit la même chose. On a débarqué 1,200 caisses dans la barge *Pépin*. Le yatch devait prendre 1,000 caisses. Vu qu'il y avait beaucoup de glace qui descendait de la rivière Nicolet,—c'était un yacht bordé en bois mince,—il a demandé si je voulais monter un bout sur le lac, qu'il me suivrait en arrière, et qu'après qu'on serait sur le lac, il viendrait le long pour prendre 1,000 caisses. J'ai monté un bout. Rendu sur le lac, il a envoyé à côté de moi, il a dit qu'il ne les prendrait pas, qu'il montrerait voir Frank pour prendre des

ordres. Il m'a dit alors de monter mouiller à l'île Bouchard, qu'il viendrait donner les ordres le lendemain.

Q. A ce moment-là, capitaine Tremblay, vous avez dû conclure qu'il s'agissait de contrebande?—R. Non, j'étais toujours sous l'impression qu'une charge de boisson de même ne pouvait pas passer Québec, faire ce trajet, passer par Trois-Rivières, dans le jour, sans que les droits soient payés ou que des arrangements aient été faits à Montréal. La barge est venue nous rencontrer dans l'après-midi, en plein jour.

Q. Y avait-il un douanier à bord de l'un ou l'autre vaisseau?—R. Non, monsieur.

Q. Vous pensez qu'une entrée en douane pouvait se faire sans enquête de la part d'un douanier?—R. Je le pensais. C'était une chose que je n'avais jamais charroyée. Je ne connaissais pas cela.

Q. Vous n'avez pas protesté en disant: "J'ai eu les instructions de prendre cette cargaison pour la rendre à Montréal; je suis maître de mon bord, je vais me rendre à Montréal"?—R. Non.

Q. Nous voilà rendus à la pointe de l'île Bouchard. C'était le soir du 20, cela?—R. Je me suis rendu là le matin.

Q. Le soir de la saisie?—R. La journée de la saisie.

Q. Avez-vous rencontré quelqu'un à l'île Bouchard?—R. On a mouillé là le matin, de 9 heures à 8 heures, et dans l'apprès-midi, à 3 heures, le yacht est venu nous trouver.

Q. C'est le *Sioux*, cela?—R. C'est le *Sioux*.

Q. Qui y avait-il à bord du *Sioux*?—R. Il y avait le capitaine Clark et un Américain et le pilote Dufresne.

Q. Est-ce là que vous avez reçu des ordres d'aller à Saint-Sulpice?—R. Là, ils m'ont dit d'accoster au quai de Saint-Sulpice à 10 heures du soir.

Q. A quelle heure avez-vous reçu cet ordre?—R. Vers 3 heures de l'après-midi.

Q. Combien de temps cela vous aurait-il pris pour vous rendre à Saint-Sulpice?—R. Une affaire de cinq minutes, c'était tout près.

Q. Là, vous avez dû commencer à soupçonner, puisqu'ils vous disaient d'attendre à 10 heures du soir?—R. Bien, soupçonner... Ils disaient...

Q. Est-ce qu'ils vous ont dit qu'il y avait un douanier là?—R. Ils ne m'en ont pas parlé.

Q. Là, vous avez commencé à décharger votre cargaison?—R. Après que j'ai accosté au quai, le capitaine Perrault était à l'hôtel, le capitaine Clark est arrivé sur le quai et il a dit que le capitaine Perrault voulait me voir absolument à l'hôtel.

Q. Qu'est-ce qui s'est passé?—R. Je suis parti, j'ai été voir le capitaine Perrault. Le capitaine Perrault était à l'hôtel et il m'a parlé.

Q. Les Américains étaient-ils là?—R. Les Américains n'étaient pas dans l'hôtel, ils étaient dehors.

Q. Combien d'Américains y avaient-ils à ce moment-là?—R. Il y avait Neil...

Q. Campbell?—R. Campbell, Stewart et puis Clark, qui était le capitaine du *Sioux*.

Q. Quand les officiers de la police provinciale sont arrivés, est-ce que tous les Américains étaient encore là?—R. Oui.

Q. Comment se fait-il qu'il y en a seulement deux qui sont restés?—R. Quand ils ont été saisis, j'étais après causer avec le capitaine Perrault, dans l'hôtel, il y a trois Américains qui sont entrés par la porte d'en avant en criant: "Beat it, beat it!" Ils ont entré par la porte d'en avant et ont sorti par la porte d'en arrière. J'ai sorti par derrière eux autres. Ils se sont en allés au ras d'une "shed", ils ont dit qu'il y avait trois gars sur le quai qui voulaient voir le capitaine.

Q. Cela, c'était les officiers de la Commission des liqueurs?—R. Qui étaient sur le quai.

Q. Comment se fait-il qu'il ne sont pas tous partis, qu'il y en a deux qui sont restés?—R. Il n'y en a rien qu'un qui est resté à bord du navire, seulement Campbell.

Q. Il y en avait deux?—R. L'autre est un matelot du *Sioux* qui était à terre. Après avoir été saisis, le yacht s'est en allé; Campbell est resté à bord avec le matelot du *Sioux*.

Q. Ce n'est pas Stewart?—R. Non, Stewart n'est pas monté avec nous autres.

Q. Comment se fait-il que Campbell est resté?—R. Campbell est resté. Après qu'on a été saisis, il a été à l'hôtel pour essayer de trouver Neil et Stewart et ils étaient tous partis.

Q. Qui est arrivé en machine un peu plus tard? Un gros homme?—R. Moi, je n'ai pas vu personne arriver en machine, mais à peu près une heure après il y a un gars qui est venu sur le quai en disant qu'il venait saisir la barge.

Q. Cela, c'est Duval?—R. Je ne sais pas si c'est Duval.

Q. Avant cela, est-ce qu'il n'y a pas eu une machine qui est venue sur le quai?—R. La seule chose que j'ai vue, c'est la machine qui est venue pour saisir.

Q. Pendant tout ce temps-là avez-vous entendu mentionner les douaniers Bisaillon et Duval?—R. Non.

Q. Campbell et Stewart n'ont pas dit: "On a été 'double-crossés' par Bisaillon"?—R. Pas un seul mot de cela.

Q. Capitaine Tremblay, avez-vous entendu le capitaine Symons rendre son témoignage lors du procès?—R. Oui, monsieur.

Q. Je n'ai pas la transcription ici, mais j'ai un rapport au sujet de cette preuve, qui a été fait par un des officiers, M. Wilson, et voici comment il raconte l'entrevue que vous avez eue avec les Américains quand vous avez fait le contrat avec eux. Vous comprenez l'anglais, n'est-ce pas? Vous saviez ce que le capitaine Symons disait?—R. Je comprends quelques mots.

Q. Alors, voici ce que la note dit:

> "I said, what is the cargo? He said, liquor. Well, I said, what are you going to do with it in Montreal? He said we are putting it in bond, we have to put it in bond. I said, all right. Let us go down and see what Tremblay has got to say. So we went down to see Tremblay, and I asked Tremblay what he wanted done. He explained to me that these people were strangers to him, and he did not know them and that they were talking of bringing a cargo of liquor up to Montreal; if it is put in bond when it get there and there is nobody to pay him his freight he will have to look pretty long to get his freight; so that if I would hold the money for him, as he knew me as Harbour Master, that he could depend on me as Harbour Master, that he would bring the freight, as long as I held the money in trust. I asked him where he was going to land the cargo. He said, in my own shed here on the Victoria Pier. I said, well, you are sure of doing that? He said, yes sir, because if I don't land it here and I do land it somewhere else, I will probably lose my ship; and he said, my ship is worth more than $5,000, she is worth more than $20,000 to me. I said, all right, Tremblay, as long as you will land it here in Montreal and the stuff is put in bond, you will get your money from me, and you are not doing wrong as far as I can see. So then, Mr. Neil, took the money out of his pocket and counted it."

Le TÉMOIN: J'ai compris ce que vous avez dit.

Q. Est-ce bien ce qui s'est passé, cela?—R. Non. Quand le capitaine Symons est venu avec Neil, à bord, il était dans l'automobile et il a seulement

pris une lettre et un reçu qu'il m'a donné pour les $5,000. Cela, c'est ce qu'il a dit à la Cour.

Q. Ce n'est pas vrai?—R. C'est ce qu'il a dit à la Cour, mais ce n'est pas ce qui s'est passé dans l'automobile.

Q. Est-ce que ce que le capitaine Symons a dit dans le témoignage que je vous rapport est vrai?—R. Il l'a dit dans son témoignage, mais ce n'est pas ce qui s'est passé à Montréal. La seule chose qu'il s'est mêlé avec, le capitaine Symons, à Montréal, c'est un reçu qu'il m'a donné, qu'il y avait $5,000 dans une enveloppe qu'il me remettrait à mon retour du voyage, qu'il mettrait dans son "safe" et qu'il me remettrait à mon retour.

Q Vous avez dû discuter pourquoi c'était, ce reçu-là?—R. Non. C'était pour les boîtes en question, pour le voyage dont j'ai parlé.

(Discussion en anglais entre les membres du Comité et Me Calder, C.R.)

Le TÉMOIN: Je faisais ce voyage-là pareil comme un voyage de marchandises, parce que les Américains m'ont toujours dit, après que j'ai su que c'était de la boisson: "Don't be afraid, at Montreal everything is O.K."

M. Saint-Père:

Q. Qu'est-ce qu'ils vous ont dit?—R. Ils m'ont dit de ne pas avoir peur, à Montréal, que tout était correct, que je pourrais décharger cela à Montréal.

Q. Que tout était correct avec les autorités de la douane? C'est cela que vous avez compris?—R. C'est cela qu'ils m'ont toujours dit après que j'ai chargé la boisson à bord.

(Discussion entre les membres du Comité.)

M. Calder, C.R.:

Q. M. Stevens vous demande s'il n'est pas vrai qu'à une couple de reprises auparavant, à une reprise au moins, on a fouillé votre navire?—R. Oui. On a toujours des amis! J'ai été chercher un voyage de sel en Nouvelle-Ecosse, ils ont fouillé mon navire à Québec et à Montréal. On a toujours des amis!

Q. Ce n'est pas le point. Ce que M. Stevens veut dire c'est que vous deviez être averti que la douane était aux aguets et surveillait votre navire.—R. Oui, une coupe de voyages auparavant j'avais été fouillé; mais je ne suis pas le seul à avoir été fouillé; il y a plusieurs navires qui ont été fouillés. Avoir su que c'était de la boisson, je n'aurais pas marché.

M. Saint-Père:

Q. Quand vous avez été fouillé ils n'ont rien trouvé?—R. Il n'y avait rien, pas du tout.

M. Calder, C.R.:

Q. Est-ce que votre barge était hypothéquée?—R. Oui, monsieur.

Q. Pour combien? Je veux dire au moment de la saisie.—R. Au moment de la saisie la Banque Canadienne Nationale avait $2,300, F. X. Drolet, $5,000, Canadian Fairbanks Morse Company $6,000, enregistrées à la Douane, à Québec, et quand la barge a été relâchée les mêmes hypothèques étaient dessus.

Q. Où la barge était-elle assurée pour l'hiver?—R. A Québec.

Q. C'est-à-dire qu'elle devait passer l'hiver à Québec pour pouvoir bénéficier de l'assurance?—R. Oui.

Q. Avez-vous votre police d'assurance? Drôle de police d'assurance!—R. Je les ai à Québec.

Q. Si la glace vous avait pris dans le port de Montréal, vous n'auriez pas bénéficié de l'assurance?—R. Je crois que j'aurais bénéficié de l'assurance, mais je ne le sais pas. Les polices d'assurance sont du 15 avril à aller au 1er décembre. J'ai demandé de me "clairer" pour aller à Québec,—c'était les mêmes douanes à Québec,—qu'ils pourraient avoir soin du bateau à Québec comme à Montréal et que ça hivernerait mieux à Québec.

Le président:

Q. Vous demeurez à Québec?—R. Je demeure à Québec.

Q. Le port d'attache de cette barge est à Québec?—R. A Québec. Les douanes ont envoyé deux détectives à bord, à Québec.

M. St-Père:

Q. A combien évaluez-vous votre barge, capitaine Tremblay?—R. A l'heure actuelle, $5,000.

M. Calder, C.R.:

Q. Claire d'hypothèques?—R. Non, $5,000 en tout. Je vais vous donner les raisons pour.

M. St-Père:

Q. Quel est le tonnage de votre barge?—R. 147 tonnes; mais où il y avait un bateau sur la ligne où on est, il y a deux, trois ans, aujourd'hui on est sept ou huit; de sorte que les vaisseaux ne valent plus rien.

Q. Vous prétendez que la concurrence diminue la valeur des vaisseaux?—R. Il n'y a plus rien à faire avec les bateaux.

M. Doucet:

Q. Capitaine Tremblay, où avez-vous rencontré la goélette?—R. La première fois que je l'ai rencontrée, c'est à cinq milles au large de Matane, sur la côte sud.

Q. Où avez-vous transbordé la boisson?—R. Sur la côte nord, à St-Pocras, vis-à-vis de Matane.

Q. A quelle distance de terre?—R. A peu près trois milles de terre.

Q. A peu près trois milles de terre, vis-à-vis de St-Pocras, vous avez transbordé la cargaison de liqueur?—R. Oui, monsieur.

Q. Vous ne vous rappelez pas le nom de la goélette?—R. Pas du tout. Je l'ai vue seulement qu'une fois; je n'ai pas remarqué son nom.

Q. C'était un voilier?—R. Un voilier.

Q. A trois mâts?—R. Non, à deux mâts.

Q. Pourriez-vous donner à peu près le tonnage?—R. A peu près cent tonnes. C'était un "round bow" à deux mâts.

Q. Ne serait-ce pas 125 tonnes?—R. 100, 125 tonnes.

Q. Serait-il possible de rafraîchir votre mémoire, en vous suggérant quelques noms de goélettes?—R. Si quelqu'un me disait le nom, je me le rapellerais.

Q. On me dit que c'était la goélette *Madeleine Adam*?—R. Non, pas ce nom-là. C'est un nom qui commencerait par "Marie", quelque chose comme cela.

Q. Ce ne serait pas *Madeleine Adam*?—R. Non, monsieur.

Q. Serait-ce *Mildred Adam*?—R. Non. monsieur.

Q. Serait-ce la goélette *Marie Duff*?—R. Non, monsieur.

Q. Ce sont les trois goélettes sensées avoir été dans les environ de Matane ce jour-là?—R. Ce n'est pas ces noms-là du tout. Je n'ai aucun intérêt à cacher son nom, ça ne me fait rien. Je n'avais pas d'intérêt dans la cargaison de boisson. Ce n'est aucun des trois noms que vous m'avez donnés. Après avoir réfléchi, je pense que c'est quelque chose comme le nom de *Madeleine Adam*.

Q. Vous ne pourriez pas l'assermenter?—R. Je ne pourrais pas l'assermenter. C'est un nom comme vous dites là.

Q. Au meilleur de votre souvenir, dans le moment?—R. Ce serait ce nom-là. Son premier nom est bien long.

Q. Maintenant, vous faites le trajet entre Montréal et Québec et la Baie des Chaleurs?—R. On fait le trajet à Québec, la côte de Gaspé, la baie des Chaleurs, Caraquet, N.B., Lamegue et Shippigan.

Q. Accostez-vous à Miscou?—R. Non, monsieur.

Q. Vous rappelez-vous avoir rencontré dans la baie des Chaleurs la goélette *Shepherd King*?—R. Je n'ai pas rencontré celle-là; elle a été mouillée tout l'été dernier dans la baie des Chaleurs.

Q. Maintenant, capitaine Tremblay, vous rappelez-vous du port d'enregistrement de la goélette *Madeleine Adam*?—R. C'était à Lunenburg.

M. St-Père:

Q. Quels sont les voyages que vous avez faits après la saisie de la barge? Avez-vous fait d'autres voyages à Montréal?—R. On a fait le même service l'été dernier.

Q. Qu'avez-vous transporté?—R. Des marchandises générales.

Q. Jamais de boisson?—R. Jamais, monsieur.

Q. Vous avez dit, tout à l'heure, que les affaires étaient mauvaises dans la navigation; cependant, vous avez avancé une déclaration à l'effet que vous aviez payé des hypothèques; avec quoi avez-vous payé ces hypothèques?—R. J'ai payé des hypothèques avec une assurance de $10,000 que j'ai reçue après la mort de mon père, au mois d'octobre dernier. Il y a aussi une propriété que j'ai vendue à Québec, après la saisie de la barge.

Le témoin est congédié.

E. F. LADORE called and sworn.

By Mr. Calder, K.C.:

Q. Are you an employee of Hiram Walker and Sons, Limited?—A. Yes sir.

Q. In what capacity are you employed?—A. Assistant Secretary.

Q. And, therefore, you are the custodian of all its records; technically?—A. Well, I would not say that.

Q. I do not mean to say that you carry them around under your arm, all the time; but you are the man who should produce them, if any, is that right?—A. There are others that are called upon.

Q. Have you got the order in consequence of which 6,000 cases were shipped to W. O. Watson and Company in Ensenada, Mexico, on December 18th, 20th and 21st, 1923?—.A I have.

Q. Let me see that order, please? (Produced)—A. This is the original order, a telegram; and its confirmation.

The original order reads as follows:

"VANCOUVER, December 11, 1923.

HIRAM WALKER & SON, Limited,
Walkerville.

King's wire tenth received. From information learned when there don't believe Act will prohibit advertisement but have some previous owner censorship and then information confirmed here as soon as receipt of telegram. Glad to say Dusty matter adjusted most satisfactory. Please prepare quickly as possible original order, that is, one thousand bottles, two thousand half flasks all nineteen seventeen and hold for shipping instructions.

(Signed) W. H. ISAACS."

Q. Who is Mr. Isaacs?—A. One of our directors.

Q. Was the director out there?—A. No, he is located in Walkerville but was on a trip out west.

Q. And this next telegram is relevant, it is?—A. Yes.

Q. This followed your telegram; from Victoria, B.C., December 14, 1923:

"VICTORIA, B.C., December 14, 1923.

HIRAM WALKER & SONS:

In addition to Dusty order contained in our wire of the eleventh, prepare for further thousand cases nineteen twenty Club bottles, two thousand cases nineteen twenty Club half flasks, total six thousand cases, to be shipped not later than December thirtieth. Do all possible to prepare nineteen twenty Club half flasks, value advertisement to us meaning three to one in distribution, but if entirely impossible in time, prepare all nineteen twenty order with bottles. Deposit has been made in Vancouver to our credit on account. Writing you details. Refer letter on file from Patterson, Government Purchasing Agent, asking labels for reconditioning express, require number immediately to Linton, Vancouver Hotel.

(Signed) ISAACS and SPRINGLE."

Mr. R. T. FERGUSON: These telegrams do not deal exclusively with the six thousand cases; some matters are irrelevant to this issue.

Mr. CALDER, K.C.: I suppose you allude to the words "value advertisement."

Mr. R. T. FERGUSON: I am not discussing it, for the moment.

By Mr. Calder, K.C.:

Q. This is your order?—A. Yes, sir.

Q. It is an order placed in Canada?—A. Yes, sir.

Q. And the cash was deposited at the bank?—A. Yes, sir.

Q. Now, you say you have a letter confirming it. Will you let me see it, please? (Produced). (Reads):

"EMPRESS HOTEL,
VICTORIA, B.C., December 14, 1923.

HIRAM WALKER & SONS, Limited,
Victoria, B.C.

DEAR SIRS,—Please ship the following order:

1917: 2,000 cases Canadian Club half flasks at $9.
1917: 1,000 cases Canadian Club bottles at $8.
1920: 2,000 cases Canadian Club half flasks at $10.
1920: 1,000 cases Canadian Club half bottles at $9.

Marked cheque for $10,000 has been deposited to your credit at the Robson Street Branch, Canadian Bank of Commerce, at Vancouver, and received by them on December 13th.

Ship above goods to W. O. Watson, Ensenada, Mexico, via C.P.R. to Vancouver, via Western Freighters Limited, to Ensenada. Freight prepaid to Vancouver.

Attach draft to bill of lading for balance due on shipment and forward to Canadian Bank of Commerce, Robson Branch, Vancouver. Landing certificate in triplicate, two copies, together with the invoice in triplicate, forward to W. A. Dusty, 1255-11th Avenue west, Vancouver. Instructed bank at Vancouver to release bill of lading to W. A. Dusty on payment of draft, he will be acting for W. O. Watson. Shipment to be not later than December 30th, if from Walkerville. Wire W. A. Dusty care Plaza Hotel, San Francisco, day shipment is made. Should you be unable to execute the order for 2,000 cases of flasks, 1920, substitute bottles.

Yours truly,
(Signed) WILLIAM A. DUSTY."

Q. Do you recollect whose cheque it was?—A. No.

Q. Was it Mr. Dusty's cheque?—A. I could not say.

Q. Will you say whether it was W. O. Watson's cheque?—A. I could not say.

Q. You could not say that either?—A. No, I have nothing to do with that.

Q. Who keeps the cheque register?—A. It is kept in our auditing department.

Q. But who keeps it there? What clerk; we do not want to summon anybody from Vancouver? If you have a record showing whose cheque this was by which the order was paid for, will you produce it?—A. Yes.

Q. Send it to Mr. Todd, in care of the Committee. Did you ever deal with W. O. Watson before?—A. On one previous occasion.

Q. Through Dusty?—A. Yes.

Q. Has W. O. Watson and Company any real existence?—A. I could not say.

By Mr. Ferguson:

Q. Have you any reason to think they have not?—A. I have not.

By Mr. Calder, K.C.:

Q. Did you ever receive any letters, correspondence or anything like that from them?—A. Not that I am aware of.

Q. So that it rests with Dusty, whether Watson & Company exist or not?—A. Well, we have his assurance that there was such a firm.

Q. You were dealing with Dusty?—A. Absolutely.

Q. Entirely?—A. Entirely.

Q. So that the sale was made in Canada?—A. Yes.

Q. Will you look at your records, and state whether any sales tax was paid in respect of this transaction?—A. I can tell you that without looking.

Q. There was no sales tax paid on it?—A. No.

Q. Was any Excise tax paid on it?—A. No.

Q. It was shipped in bond?—A. Yes.

Q. What was the amount of the bond, was it double duty?—A. Yes.

Q. Did you give the shipment orders, or did Dusty, once the cargo had reached Vancouver?—A. You mean, as far as forwarding from Vancouver is concerned?

Q. Yes?—A. We arranged for that.

Q. Under your orders, or on his own motion?—A. No, on his own motion.

Q. They were shipped on board the Prince Albert?—A. Yes.

Q. What was the route of the Prince Albert, do you know?—A. I do not.

Q. You have no record of her movements, in your files?—A. None whatever.

Q. Would anybody at Hiram Walkers know that?—A. No, sir.

By Mr. Bell:

Q. Was it a through bill of lading?—A. No sir; a local bill of lading to Vancouver.

By Mr. Calder, K.C.:

Q. There has been some departemental reproach upon that ground. This cargo left Vancouver apparently on February 27th, and in what is to me an incredibly short time, between February 27th and March 6th, the landing certificate was returned; can you explain this expedition?—A. I cannot.

Q. It is remarkable, is it not?—A. I do not know.

Mr. FERGUSON: Remarkable, but not impossible.

Mr. CALDER, K.C.: Very improbable, though.

Mr. FERGUSON: Not impossible, by any means.

Mr. CALDER, K.C.: It might be sent by aeroplane, I suppose.

Mr. FERGUSON: If you think so, try and do it.

Mr. CALDER, K.C.: I may tell you that there are very few precognitions allowed counsel before a Committee, Mr. Ferguson.

By Mr. Calder, K.C.:

Q. Were you advised later on that these very landing certificates were bogus?—A. Not exactly. We understood they were questioned.

Q. Were you not advised by the Department ultimately that the matter had been questioned for some time, that they were not genuine?—A. I do not recall anything of the sort.

Q. The matter was taken up by the Department with you, was it not?—A. Not exactly that, either, because I think it was taken up with the local Customs officials.

Mr. CALDER, K.C.: Possibly. That is all.

By Mr. Donaghy:

Q. Where is this Mr. Isaacs now?—A. In Walkerville.

Q. Has he made more than one trip to Vancouver for the purpose of selling liquor?—A. He has been out to Vancouver more than once.

Q. Did he effect sales on more than one occasion or trip?—A. No, I could not say to that.

By Mr. Ferguson:

Q. Was the order placed through the agency of Mr. Isaacs?—A. No.

Mr. DONAGHY: Do you want to examine the witness now, or are you willing to wait until I get through with him. If you want to examine him, go ahead, and I will wait until you get through.

Mr. FERGUSON: I beg your pardon. You had better proceed with your examination.

By Mr. Donaghy:

Q. Did he effect one sale, or two?—A. I think the first sale was made by our Mr. Green.

Q. Where is Mr. Green now?—A. In Montreal.

Q. What is his position with your company?—A. He is the manager of our Montreal office.

Q. Did any person else effect any sales at Vancouver of your liquor?—A. Mr. Linton.

Q. Where is he now?—A. I expect he is in Vancouver. He is our western representative.

Q. How long has he occupied that position, approximately?—A. That is difficult to say.

Q. Four or five years?—A. Yes, all of that, I would say.

Q. Can you give us his street address?—A. Well, it is the Vancouver Hotel.

Q. Is he a former cigar traveller?—A. I do not know.

Q. Is the Vancouver Hotel the only address you have of him?—A. He is out a great deal.

Q. Have you heard from him lately?—A. Not within the last six weeks or two months.

Q. Where was he then?—A. At Vancouver.

Q. Who else has effected sales of liquor for you in Vancouver?—A. I cannot recall anyone else.

Q. To whom have these sales been effected; we have heard of this one to Watson; what other parties have sales been made to?—A. I think we made one or two sales to what is known as the Consolidated Liquor Company, or the Consolidated Exporters, out there.

Q. Who was the gentleman you dealt with as representing the Consolidated Liquor Company in Vancouver, what is his name?—A. I do not think we dealt directly with him.

Q. I beg your pardon?—A. I do not think we dealt directly with them. I think the order came through our Mr. Linton.

Q. You say you think the order came through Mr. Linton?—A. Yes.

Q. Had you any correspondence with the Consolidated Liquor Company? —A. I would not like to say.

Q. Do you know any persons connected with that company?—A. No, sir.

Q. Do you know the names of any of them?—A. I think perhaps we would have them on record somewhere; some of them at least.

Q. What in? In liquor correspondence?—A. Possibly in Mr. Linton's letters.

Q. That is the Consolidated Liquor Company. What other concerns have you dealt with in Vancouver?—A. I think that is about all, outside the Commission.

Q. Have you dealt with any of the distilleries there?—A. No, sir.

Q. Have you dealt with a man named Wright there?—A. No sir. I have heard of him.

Q. Have you met him?—A. No, sir.

Q. Who looked after the putting up of the bonds for this liquor, the double duty bonds?—A. The bond is prepared by the clerks in our shipping office.

Q. You say the bond is prepared by the clerks in your shipping office; is that in Walkerville—A. Yes, sir.

Q. Who were the bondsmen or the bonding company?—A. Ourselves and one of our directors.

Q. What director?—A. Mr. Dingwall.

Q. How do you spell that name?—A. D-i-n-g-w-a-l-l.

Q. Do you mean the corporation went on the bond?—A. Yes.

Q. Did you receive the bond back for the transaction that Mr. Calder has dealt with?—A. Yes. Maybe I misunderstand you. We do not receive the bond back. We receive the landing certificate, which is turned over to the Customs.

Q. I appreciate that. Do you not receive back from the Customs your bond?—A. No, sir.

Q. The Customs still has your bond?—A. Yes.

Q. For that shipment?—A. As far as I know.

Q. Has it been in practice to get the bonds back after you produced to the Customs the landing certificates?—A. No, sir.

Q. It has not?—A. No, sir.

Q. Has there been any correspondence with any person in Vancouver, dealing with the matter of landing certificates or bonds?—A. In this particular case, yes, with Mr. Dusty.

Q. Is that correspondence in the Walkerville office?—A. No, it is here.

Q. What did you pay the Mexican consul in Vancouver?—A. We did not pay him anything, no sir.

Q. What did you pay the Mexican authorities in Escanada, Mexico?—A We did not pay him anything. We had nothing to do with that.

Q. Who are the other officers and your directors besides Isaacs?—A. Do you want all the directors?

Q. That is what I asked you for. Give me the officers first?—A. Mr. Harrington Walker.

Q. What is his address?—A. Detroit.

Q. Go on?—A. Mr. Hiram Walker.

Q. What is his address?—A. Detroit. Mr. Oliver Walker, Detroit; H. R. Dingwall, Detroit; Mr. W. J. Hilton, Detroit; Mr. H. W. Springle and W. H. Isaacs.

Q. Is Mr. Springle's address Detroit also?—A. No, Riverside, just above Walkerville.

Q. Mr. Isaacs lives in Walkerville?—A. Yes. H. W. Springle, Mr. Isaacs, and C. Spring; Albert Long, a resident director in London, England, and myself.

Q. Are there any of them living in Canada, outside of Isaacs?—A. Well, Mr. Springle, Mr. Isaacs, Mr. King and myself, all live in Canada.

Q. Who is the chief shipper for this distillery; what is his name?—A. Mr. Harwood looks after the domestic shipping, and a man named Laing looks after the foreign shipping.

Q. Those are the two shippers?—A. Yes.

Q. Who are their assistants?—A. A man named Spencer, Miss McRae, Harry Ringrose, and there is a young chap there whose name I do not know, a sort of office boy.

Q. Who attends to the loading; I suppose you would not remember the names of the labourers who attend to the actual loading?—A. No.

Q. Have you ever seen Mr. Dusty, of Vancouver?—A. Once, I think.

Q. Where?—A. In Walkerville.

Q. Was he buying liquor?—A. Well, I would not say that, because I did not have any conversation with him.

Q. Is he connected with any company or firm in Vancouver?—A. Well, he did operate under the name of Dusty and Morrisson.

Q. What was the address of that firm?—A. I really could not tell you, unless it is in the correspondence.

Q. Have you any correspondence here with them?—A. I think most of the correspondence is under Mr. Dusty's name personally. I do not recall anything signed "Dusty & Morrisson" although it may be there.

Q. Can you procure for us a list of the names of the truckers and labourers who handle liquor, in the loading and hauling of it?—A. I think so. That goes back a couple of years or more.

Q. Just a list of the names?—A. I will do the best I can to obtain them.

Q. You do not change them very frequently, do you?—A. The men in the warehouse might be changed frequently.

Q. You might get us a list of those who have been in the employ at any time, we will say from the 1st January, 1924, up to now. I would want the warehouse men, the loaders and the truckers. You have given us the name of your head shipper.—A. That would be after the date of this shipment.

Q. Oh, yes, we are not worrying so much about that shipment from that point. We are not so much concerned about that? You told Mr. Calder you did not pay the sales tax on this deal?—A. No.

Q. Do you know why?—A. We do not pay the sales tax on exports in bond.

Q. Even though the deal was made in Canada?—A. That is immaterial.

Q. That has been your practice has it?—A. Yes.

Q. And your universal practice?—A. Yes, sir.

Q. Have you ever been asked to pay it by any government official?—A. No sir.

Mr. CALDER, K.C.: That is all. I will call the customs house officer from Windsor.

The CHAIRMAN: Mr. Brown.

W. J. BROWN called and sworn.

By Mr. Calder, K.C.:

Q. Have you with you a copy of the B-13 covering the shipment of 6,000 cases?—A. That is the customs form. You want another officer for that. I am the officer in charge of the distillery. The excise officer.

[Mr E. F. Ladore.]

Q. There is no question about the excise. I do not see why you were brought here.—A. I wondered about it myself.

Mr. CALDER, K.C.: We want you, but we do not need you at present.

Mr. BELLEPERCHE: I might say that I was in charge of the excise at this time. I am A. J. E. Belleperche, I have been summoned.

By Mr. Calder, K.C.:

Q. Have you the customs house records, Mr. Belleperche?—A. I have those 13's I think.

Q. I want the D-13, the bond and the landing certificate?—A. Yes.

The CHAIRMAN: Is Mr. Brown discharged then?

A. J. E. BELLEPERCHE called and sworn.

By Mr. Calder, K.C.:

Q. Will you produce the papers that deal with this shipment?—A. This is the file (produced).

Q. You know nothing about the shipment which is not contained and recited in those papers?—A. No, nothing at all. I was in the main office and Mr. Brown would handle the papers until they came to me.

Mr. CALDER, K.C.: That is all from Mr. Belleperche.

The CHAIRMAN: You are discharged also.

Then there is Mr. Montreuil of the Customs House, Windsor.

Mr. CALDER, K.C.: I am not likely to require Mr. Montreuil. The whole thing now turns on the movement of the Prince Albert.

Mr. DONAGHY: I should like Mr. Brown recalled.

W. J. BROWN recalled.

By Mr. Donaghy:

Q. Mr. Brown, I think you told us that you are the Collector of Customs at Windsor?—A. No sir, I am not the Collector of Customs, I said I am the officer in charge of the distilleries.

Q. Oh, yes. You are the excise officer. Are your initials W. J.?—A. Yes.

Q. Had you anything to do with the cancelling with bonds that were put up by the distillery?—A. I had nothing to do whatever in my capacity of officer in charge of the distillery with the cancelling of the bonds.

Q. Have you any knowledge of it at all?—A. Well I have, to a certain extent, yes.

Q. How do you come by that knwledge if you had nothing to do with it? —A. I had a telephone message from Mr. Taylor, the Assistant Commissioner, the Assistant Deputy Minister at that time, asking me to obtain for him certain information. He gave me three question to answer which are as follows:

"1. Have bonds been cancelled?

2. When were bonds cancelled?

3. Why were bonds cancelled?"

Q. Did you tell him?—A. I answered those questions in the form of a letter, a copy of which I have here with me.

Q. We will read your letter into the file later on. Now when liquor goes out of a distillery at Walkerville, is it your duty to see that it is loaded?— A. To see it loaded?

Q. Yes.—A. It is my duty or the duty of one of my officers, to deliver it from the bonded warehouse.

Q. When it goes out in bond I am speaking of?—A. Yes, sir.

Q. I want to know whether from the minute it goes out of the door in bond, until it gets on a bonded railway train or ship, it is you that watches its pro-

gress?—A. We watch it delivered from the warehouse door and just as soon as that case or package leaves the bonded warehouse door, then I have always contended that the excise bond becomes effective.

Q. And you do not watch it after it leaves the bonded warehouse door?—A. And we do not watch it after it leaves there.

Q. Then there is no responsible government officer then to watch whether that goes on board a railway train or boat, or by truck up country?—A. Well sir, the cars are generally loaded at the warehouse door.

Q. Not always. We had it from one of the shippers the other day they were hauled in trucks, these parcels of whiskey, to the train very often?—A. I do not quite get your question.

Q. I say we had a shipper here from the distillery the other day who spoke of carloads of whiskey being hauled from the distillery to the train, so the train is not always loaded in the distillery?—A. Well, I might say, not always but on very few occasions they might load a car over in the yards.

Q. The shipper swore they did. Now who watches the progress of that liquor?—A. From the time it leaves the warehouse?

Q. From the time it leaves bond until it gets to the car?—A. There is not any officer that watches the progress of it that I know of; of my officers.

Q. What check has the government as to whether this liquor goes on the train and goes away, or is taken away and trucked up through the Province of Ontario?—A. Well I understand that the customs officer manifests that and he must have some check on it.

Q. You mean he writes out a piece of paper?—A. The railway people, I am not conversant with their customs.

Q. We had some railway bills of lading here the other day that looked very much as if they were faked, also, so that does not get us very far. Have you any better explanation of the protection the country gets?—A. I have not any further explanation.

Mr. DONAGHY: All right, that is all.

The CHAIRMAN: Then you are discharged.

Witness discharged.

Mr. CALDER, K.C.: There is a great deal of correspondence to be filed here by various sources. If I could have a little leisure until Monday to look over this.

The CHAIRMAN: I will call the witnesses.

Mr. CALDER, K.C.: I would like to take Mr. Turner to-night; that will end the Rock Island.

JAY TURNER, called and sworn.

Mr. CALDER, K.C. (Reads):

Snag Proof Limited

This company was incorporated on the 15th December 1923 as The Snag Proof Company Limited with a capital of $20,000.00. Supplementary Letters Patent dated 13th October 1925 changed the name to Snag Proof Limited, and increased the capital stock to $49,000.00 divided into 980 shares of $50.00 each of which Mr. J. H. Turner owns 967 shares.

The company manufactures overalls, pants, shirts, etc., from cotton cloth, at Beebe, Quebec.

On Wednesday, 17th February 1926, Mr. Turner appeared before the Committee and produced records for the years 1924 and 1925. These were found to be incomplete and were later supplemented to a limited extent by further records produced by him.

The sales for the two years, 1924 and 1925, as shown by the copies of the invoices, etc, produced were as follows:

1924	$213,346 44
1925	227,368 14

These, however, do not appear to be complete as from twenty-three replies received to circulars sent out by us to customers of the company the following additional sales appear to have been made and should be added to the above totals:

1924	$19,733 10
1925	22,388 40

Purchases

For the years 1924 and 1925 Canadian Customs duty was paid, with one minor exception, on all purchases of which we have seen record in either the purchase invoices or ledger sheets produced.

We have, however, obtained information as to purchases not recorded in the books as follows:

Messrs. J. L. Stifel and Sons, Wheeling, W. Va., have sent a statement of all shipments made to Snag Proof Limited for the years 1923, 1924 and 1925.

The shipments invoiced by them in 1923 were for the most part shipped to Beebe Junction, Que., and with the exception of three bales, appeared to have been passed through Canadian Customs and duty paid thereon. The three bales referred to, while shown on the statement from Stifel and Sons as going to Beebe Junction, Que., appear from the freight records at Newport, Vt., to have been received at that point addressed to Snag Proof Limited, Beebe Plains, Vt. Messrs. Stifel and Sons according to their statement made shipments to Snag Proof Company at Newport, Vt., as follows:

In the latter part of 1923	4 cases
In the latter part of 1924	14½ cases
In the latter part of 1925	2 cases
A total of	20½ cases

To the extent of 17 cases this has been confirmed by the freight records at Newport, which show these goods to have been received at this point and delivered to Davis Coal & Transport Company of Newport. There is no record of those goods having been passed through Canadian Customs and Mr. Turner, in explanation, claims that he sold goods to B. F. Moore & Company and that these cases were probably some of them. This is confirmed to some extent from the freight records which show certain of these bales received at Newport addressed to Snag Proof Limited "for B. F. Moore & Company." Evidence of payment of $1,994.49 by B. F. Moore & Company to Snag Proof Limited for 6 cases only has been produced, leaving 14½ cases for which Mr. Turner has offered no satisfactory explanations.

In further confirmation of the fact that Snag Proof Limited purchased these particular goods the cash book of the company shows payments aggregating $7,822.98 to J. L. Stifel and Sons in the years 1924 and 1925.

In this connection it should be stated that the files of the Department show that a seizure of 43 cases of denims of a duty paid value of $41,-049.34 was made in February 1923 and a claim for some $10,068.70 duty reported to the Department by the seizing officer. The claim was made

as a result of examining the company's records and those of J. L. Stifel & Sons and comparing the number of cases shipped from the latter company with the number declared for Customs Duty into Canada and with the inventory of goods on hand.

Mr. Turner's explanation in this case also was that many of the cases of denims bought from J. L. Stifel & Sons were sold to B. F. Moore & Company of Newport, Vt., and were not brought into Canada. There appears by the file to have been considerable doubt in the minds of the Laws Officers of the Department as to whether the seizure could be sustained and no further action appears to have been taken. We have examined the invoices and records in this connection and are unable at this date, and in the absence of the necessary records of the company, to throw any further light on this question.

Other Customs files dealing with charges against Mr. Turner or the Snag Proof Company are the following:

File No. 77817, dealing with the seizure of a Burroughs adding machine from Mr. Turner in January, 1912.

Files No. 80110 and 118332 dealing with charges against the Snag Proof Company for smuggling goods into Canada during the three years prior to December, 1912. In this case there is an affidavit on file signed by Mr. Turner admitting smuggling. Payment was made to the Department of $563.34.

File No. 89602 dealing with a seizure of lumber and windows, said to have been smuggled by Snag Proof Limited and installed in their building at Beebe, Que., about December, 1915.

An examination of the Customs records at Beebe Junction indicates certain importations by the Snag Proof Company from the H. B. Ferguson Company, maingly consisting of shirts. We are informed that at one time the Ferguson company had a contract for manufacturing shirts from the Maundeville, West Virginia, Penitentiary.

Bank Accounts

The Snag Proof Company has bank accounts with the Canadian Bank of Commerce at Beebe, Quebec, and also with the National Bank of Newport, Vt. and the Orleans Trust Company in the same place.

We saw most of the cheques drawn on the Bank of Commerce account for the years 1924 and 1925. Transfers of funds were made from this bank account to the National Bank of Newport which were not recorded in the cash book and there were items charged against the Bank of Commerce account between July and November, 1925, for which no cheques were produced as follows:

September, 1925	$2,500 00
October, 1925	1,000 00
November, 1925	1,500 00
Total	$5,000 00

No entries for these can be found in the cash book. On the other hand, on loans obtained by the company from the Bank of Commerce the following payments were made but for which we cannot find entries either in the Cash Book or in the general bank account.

6th March, 1925	$4,402 66
2nd June, 1925	3,597 34
Total	$8,000 00

We found, however, an amount exactly corresponding to the latter of these two sums charged against Mr. J. H. Turner's personal bank account with the Bank of Commerce early in June, 1925.

No cheques were produced for withdrawals made from the two bank accounts in Newport nor was there any record of such transactions in the Snag Proof Company's books. The only information we were able to obtain as to these two banks consisted of statements supplied by the National Bank of Newport but which merely showed the total monthly deposits and withdrawals for that bank account only. The Orleans Trust Company declined to give us any information as to the account with them.

Sales Tax

On several occasions in the early part of 1924 substantial reductions were made from the amount of sales tax payable to the Government, these deductions representing rebates of the former sales tax paid on goods on hand at 31st December, 1923. Cheques to the amount of these deductions were issued to Mr. Turner personally and his explanation is that in order to recover the rebate by disposing of the goods on hand at 31st December, 1923, before 1st July, 1924, he purchased them from the company and therefore claims he was entitled to receive the amount of the tax recovery as deducted by the company. He admits, however, that the company, and not he, sold these goods to its customers at a later date. Mr. Turner states that he believes the company paid sales tax on this sale of $18,259.50 to him as well as on the individual sales of the same goods to the customers and that consequently the company has overpaid sales tax of some $900. He has, however, been unable to show us where the company paid sales tax on the sale to him.

Sales Tax returns appear to have been regularly made but in the absence of complete records as to sales we are unable to confirm their accuracy. Acting under a provision of the Act the company established a wholesale department in the name of J. H. Turner and paid sales tax on wholesale prices computed at 80 per cent of the prices charged to the retailers, and we understand from Mr. Turner that this rate was approved by the Department.

We think it our duty to report the following:

(1.) That Mr. J. H. Turner holds a mortgage of $3,000 on the home of E. Brownlee, Collector of Customs at Beebe Junction, and that Brownlee's daughter is employed in the office of the Snag Proof Company.

(2.) That a cheque for $120 was issued by the company on 24th July, 1925, in favour of D. A. Morinville, a customs officer at Beebe Junction. Mr. Turner states that this was in purchase of a radio set.

(3.) That a cheque for $136.50 was issued by the company on 31st January, 1924, in favour of J. E. Cleland, a customs officer. Mr. Turner states that Cleland was acting as collector or treasurer of a fund for returned soldiers and that the cheque referred to was Mr. Turner's subscription to this fund.

(4.) That several cheques (including one for $477.39) were issued to Ed. Seguin, a carter in Rock Island. Mr. Turner claims that these covered trucking charges.

Income Tax

Income Tax returns for 1924 and 1925 have, we understand, been made. Copy of the former is on file but owing to the incomplete records available we are unable to verify that it was properly made up."

By Mr. Calder, K.C.:

Q. There is one thing, Mr. Turner, which I would ask of you. Will you undertake to produce to the committee's auditors your accounts in detail at the Orleans Trust and National Bank?—A. I can give you the statement from the bank showing the deposits?

Q. In detail?—A. Yes.

Q. We understand that the trouble with accounts that you showed covering the National Bank, was that they only showed the monthly deposits and withdrawals.—A. No, I am unable to give you the cheques.

Q. Not the cheques; the account. An exact copy of the account with the deposits from day to day, and the withdrawals from day to day.—A. I am willing to do my very best, but I don't know—

Q. Mr. Turner, what is your objection?—A. I have no objection. I will be glad to do it.

By the Chairman:

Q. When you draw money from the bank, you draw it by way of cheque? —A. Yes.

Q. And your cheques remain in the hands of the bank?—A. No, they were sent back to me.

Q. They were turned back to you?—A. Yes.

Q. What did you do with them?—A. I think when I cleaned house last fall, I burned the cancelled cheques.

Q. In less than five years?—A. I burn them up along every six months or so.

Q. You burn your cheques every six months?—A. I would not make that definite statement "every six months." I was moved out of my house to make repairs, and when I got back I don't remember seeing some of these cancelled cheques, and I probably destroyed them.

By Mr. Bell:

Q. Did you keep the receipted accounts that they paid, Mr. Turner?—A. I think my purchase ledger would show everything in these, and there was some $14,000 paid out on my buildings, which is in my personal book. I have the names—or Mr. Nash has the names of each one I paid them to.

By Mr. Calder, K.C.:

Q. Have you your bank ledger account, which should show each deposit, and each withdrawal, on its date?—A. I think I can show you each of the cheques which were paid, by the cheque stubs. I think I have the cheque stubs.

Q. All the cheque stubs?—A. I am not positive, but I think I have.

Q. Will you undertake to do this, as far as you are able; produce all the cheque stubs; and produce an exact copy of your ledger account in both the National Bank at Derby Line, and the Orleans Trust?—A. I haven't a ledger account; I never kept a ledger account with the bank.

Q. They keep one.—A. Yes. I will get a copy of that.

Q. You have done smuggling, haven't you? In 1923?—A. Of course, men and women along the border are subject to some temptations that people back from the border are not.

Q. Do not a great many manufacturers go to Rock Island, for the purpose of temptation?—A. I know the Customs Act has been loosely treated by people along the border, a great many people.

By the Chairman:

Q. You are reporting as to what other people are doing. Did you yourself smuggle anything, personally?—A. I understand I am liable to a severe penalty

if I do not say I have done smuggling; I would not make any such statement to the Committee.

By Mr. Calder, K.C.:

Q. You would say you did not smuggle?—A. No, sir.

Q. Will you state whether or not you smuggled in 1926?—A. No, sir, I have not.

Q. 1925?—A. No, sir.

Q. 1924?—A. Not possibly after the first part of 1924.

Q. Were you the object of a seizure in 1924?—A. No, sir.

By Hon. Mr. Stevens:

Q. Were not you included in the honourable group?

Mr. CALDER, K.C.: This is the gentleman whose books were not audited to the end.

The CHAIRMAN: He told them to lay off.

By Mr. Calder, K.C.:

Q. Have you any reason to offer to the Committee why you should have been preferentially treated at the time of the seizure?—A. I was not preferentially treated.

Q. Yes you were the only man whose books were not audited to the end, and that was in consequence of an order received by Mr. Kellert and Mr. Laing that they were not to go on?—A. That is news to me. Mr. Laing went through my books very thoroughly, or for several days.

Q. He says he was at it, but was stopped.

By Mr. Donaghy:

Q. He says Bisaillon stopped him?—A. That is entirely news to me. Mr. Bisaillon came in at the last thing and insisted upon payment on silk, and he threatened to close my shop, goods coming in, and so forth.

Q. Did he take any payment from you?—A. No, I din't pay anything. Mr. Laing had been through my books day after day, and I am sure he tried to make me pay something.

By Mr. Bell:

Q. Did Bisaillon say why he was threatening to close you up?—A. No, he simply said he thought I had been smuggling, and wanted to audit the books.

By Mr. Calder, K.C.:

Q. Did Bisaillon mention the sum he wanted you to come across with?—A. No, no particular sum was mentioned.

Q. That is not like Mr. Bisaillon; when it comes to money he is very definite?—A. He hinted I would be used very fine. There was no particular sum stated.

Q. Were you one of the owners of the right-of-way to the Allaire barn?—A. No, sir, absolutely not.

Q. You are the owner of that now?—A. May I make a little statement in regard to that?

Q. Yes.—A. There is a certain man in Beebe, who was fined for selling liquor illegally. I am one of the council, Mr. House is another member; and he seemed to have a personal grudge, and I think has been writing to the Committee members and so on.

Q. Do you own that barn now?—A. No, I don't.

Q. Have you something to do with it?—A. I have a mortgage on the Allaire property, not to myself, to the Stewart Estate.

Q. Did you ever use the Allaire barn?—A. Oh, no, I don't. There is another thing referred to in the report; about me paying Mr. Seguin for doing freight for me.

Q. What was the cheque you gave to Seguin for?—A. If you will allow me, I can explain it; it is a legitimate deal; the only one I ever had with him, as to an equity in property he had.

By the Chairman:

Q. You paid Seguin $477.39, for trucking purposes?—A. No, sir, it was not for trucking purposes; that is what I want to correct. The explanation is there.

Mr. NASH: I am not questioning it.

By Hon. Mr. Stevens:

Q. Did you never pay Seguin that amount?—A. No, sir, it was for an equity in a mortgage.

Mr. CALDER, K.C.: I will now file as Exhibit No. 217, schedules referred to in the Tenth Interim Report.

The CHAIRMAN: You are not discharged, you are only released.

By Mr. Bell:

Q. I just wanted to ask the witness one thing. I notice in the items that the auditors referred to, in regard to the cheques, there is a cheque made to J. E. Cleland, which I understand was for a Returned Soldiers Fund?—A. I would like to explain that more clearly.

Q. The amount was $136.50, and it struck me as being a peculiar amount for a contribution of that kind? Tell us about that?—A. Yes, sir, that was not a Soldiers Fund; it was a soldier's fund, for one man alone, who came back disabled, unable to work, and Mr. Cleland said we should take up a subscription for him. I told him, "You go through Beebe and get what you can, and tell them if they give a dollar, I will give two dollars; I will give as much as the rest combined. You collect what you can." He came back for $136.50; I duplicated the amount.

Witness retired.

Mr. NASH: This company was one of two companies who produced their books before the Committee; all the other companies' books were audited at the factories. I would like to ask for the direction of the Committee to now return the current books.

The CHAIRMAN: Yes, what he needs to use in his business.

By the Chairman:

Q. You are released upon giving to the auditors what they want from you.

Witness retired.

Schedules Referred to In Tenth Interim Report of Clarkson, Gordon & Dilworth:

CUSTOMS ENQUIRY, 1926

SUMMARY OF GOODS MANUFACTURED AND SHIPPED TO BORDER POINTS BY COMPANIES IN THE UNITED STATES WHO ARE STATED TO HAVE PRISON CONTRACTS AS ABSTRACTED FROM FREIGHT RECORDS AT NEWPORT AND DERBY LINE, VERMONT

	1st January, 1923 to 31st March, 1926	
	Weight	Estimated Value
Operating Companies:—		
Beebe Glove Company		
J. A. Gilmore Company		
The J. B. Goodhue Company Limited		
Globe Suspender Company		
Jenkins Overalls Limited	3,817	$ 3,098 44
Peerless Overalls Limited	95	78 28
The Perfecto Manufacturing Company		
W. M. Pike & Sons		
Reliable Garments Limited		
R. & G. Manufacturing Company		
Rock Island Overall Company		
Telford Bros. Garment Company		
Telford & Chapman Limited		
Stanstead Manufacturing Company Limited		
Snag Proof Limited		
	3,912	$ 3,176 72
Non-Operating Companies:—		
Eastern Apparel Company		
C. J. Harrison	230	167 30
C. O. Marois	2,756	2,270 94
New England Apparel Company	152,111	116,509 53
Northern Cotton Exchange	36,730	30,265 52
Elmer Smith		
B. F. Moore & Company	17,850	13,310 24
E. A. Young		
Derby Overall	5,640	4,170 16
Gilmore Brothers	48,054	37,558 99
	267,283	$207,429 40

CUSTOMS ENQUIRY, 1926

STATEMENT SHOWING ESTIMATED VALUE OF RECEIPTS OF COTTON GOODS, MANUFACTURED GARMENTS, TRIMMINGS, ETC., BY FREIGHT AND EXPRESS, LESS OUTWARD SHIPMENTS AND GOODS ON WHICH DUTY WAS PAID AND THE BALANCE NOT ACCOUNTED FOR, FOR THE THREE YEARS APRIL 1, 1923 TO APRIL 1, 1926

Companies Operating in Province of Quebec	Receipts of Cotton Goods, etc., as shown by freight records of the Boston and Maine Railroad at Rock Island, Beebe, Stanstead, Quebec, Derby Line and Newport, Vt.	Outward Shipments of Cotton Goods, etc., from Derby Line and Newport, Vt. to United States points as shown by B. & M.R.R. freight records at Derby Line and Newport, Vt. and American Express records at Newport, Vt.	Cotton Goods, etc., on which duty was paid at Rock Island and Beebe Junction, Que.	Unaccounted for Balance
	Estimated Value for Duty	Estimated Value	Value	Value
	$ cts.	$ cts.	$ cts.	$ cts.
J. A. Gilmore Company	17,044 80	199 08	15,092 39	1,753 33
J. B. Goodhue Limited, The	29,467 59	.....	39,093 78	9,626 19
Jenkins Overalls Limited	98,763 70	1,002 79	18,536 26	79,224 65
Peerless Overall Company	18,398 32	2,669 76	13,281 36	2,447 20
Perfecto Overall Manufacturing Company, The	36,368 14	.....	35,875 75	492 39
W. M. Pike & Son	14,784 54	.....	9,801 59	4,982 95
R. & G. Manufacturing Company	26,879 61	.....	27,524 17	644 56
Rock Island Overall Company	18,188 96	.....	23,099 72	4,910 76
Stanstead Manufacturing Company Limited	6,644 55	.....	704 16	5,940 39
Snag Proof Limited	60,279 89	.....	62,832 77	2,552 88
Telford & Chapman Limited	49,685 67	673 87	47,593 44	1,418 36
Telford Bros. Garment Company	21,689 07	.....	14,776 08	6,912 99
Reliable Garments Limited	15,741 53	.....	5,627 71	10,113 82
Globe Suspender Co. and Eastern Apparel Co	79 54	.....	915 37	835 83
B. B. Glove Company Limited	1,211 25	.....	8,541 00	7,329 75
Other Companies				
Derby Overall Company	139,624 17	4,286 83	.....	135,337 34
Gilmore Company, James A.	99,682 50	.....	.....	99,682 50
C. J. Harrison	63,933 21	2,016 97	.....	61,916 24
C. O. Marois	48,079 46	704 19	.....	47,375 27
B. F. Moore & Company	420,438 41	129,934 87	.....	290,503 54
New England Apparel Company	133,447 43	.....	.....	133,447 43
Northern Cotton Exchange	100,228 52	697 95	.....	99,530 57
Elmer Smith	1,119 58	.....	.....	1,119 58
E. A. Young	1,908 95	703 12	.....	1,205 83
	1,423,689 39	142,889 43	323,295 55	957,504 41
NOTE.—Allowance to cover estimated value of outward shipments by express, estimated value of goods consumed locally and fluctuation in inventories				157,504 41
Unaccounted for balance				800,000 00

The Committee adjourned until Monday, June 7th, 1926, at 10 a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 62—MONDAY, JUNE 7, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. J. H. Ross, Toronto, Ont.
Mr. Archibald Malcolm Kennedy, Acting Chief Inspector of Customs and Excise, Ottawa, Ont.
Mr. Frank Wexler, Ottawa, Ont.
Mr J. E. Knox, Customs Preventive Officer, Montreal.
Mr. William L. Hicklin, Chief Clerk, Preventive Service, Montreal.
Mr. Henry McLaughlin, Surveyor of Customs, Montreal.
Mr. Alfred Goyette, Foreman, Customs Examining Warehouse, Montreal,
Mr. Francis W. Cowan, Department of Health, Ottawa.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1926

EXHIBITS FILED

No. 218—List of officials stationed in Rock Island district who were subsequently withdrawn.

No. 219—Customs Appraiser's Bulletin No. 3.

No. 220—Affidavits from gaugers at various ports respecting the disposal of gauger's samples.

No. 221 (a)—Fourth Annual Report, Quebec Liquor Commission, Montreal, 1924-25.

ERRATA

Page 2666, line 18—Delete "McCall" and substitute "Lacolle".

Page 2760, 15th line from bottom of page—Delete "That is the procedure in Ontario. Perhaps it is on the main road to go to jail, and you may succeed via the House of Commons. He may reach the same end either way".

MINUTES OF PROCEEDINGS

MONDAY, 7th June 1926.

The Committee met at 10 a.m., Mr. Mercier, the Chairman presiding.

Present: Messrs. Bell, Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Pere and Stevens—8.

Committee Counsel present: Messrs. Calder and Tighe.

The minutes of the last meeting—4th June—were read and adopted.

Mr. G. W. Taylor submitted:—

Customs File No. 124181—Sarnia Brewing Co., Ltd. Sarnia, re application for brewer's license.

Moved by Mr. Donaghy,—That Mr. McLaughlin, surveyor, and Alfred Goyette, foreman, Customs, Port of Montreal, be summoned to appear to-night, June 7, 1926.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That Mr. F. W. Cowan, Department of Health, Ottawa, be summoned to appear to-day at 3.30 p.m.

Motion agreed to.

The names of the witnesses summoned being called, the following did not respond, viz:—

1. Sylvan Ernst, Lunenburg, N.S.
2. Captain Levinus Wentzell, Lunenburg, N.S.
3. Captain Titus Wentzell, Lunenburg, N.S.
4. Howard Whynacht, Lunenburg, N.S.
5. Albert W. Himmellman, Mahone Bay, N.S.
6. F. Wexler, Ottawa.

Mr. J. H. Ross, Toronto, Ont., was called, sworn, and examined respecting a shipment of 6,000 cases of liquor from Walkerville, Ont., to Ensenada, Mexico.

Witness discharged.

Mr. Archibald Malcolm Kennedy, Acting Chief Inspector of Customs and Excise, Ottawa, Ont., was called and sworn. Mr. Calder commenced to read the report of Mr. Kennedy re inspection of business of the Port of Montreal.

Witness retired.

The Committee rose at 1 p.m.

The Committee resumed at 3 p.m.

Mr. Kennedy was recalled. Mr. Calder continued the reading of Mr. Kennedy's report.

Witness stood aside.

Mr. Frank Wexler, Ottawa, Ont., was called and sworn. Mr. Wexler to produce to-morrow all books etc., called for by his summons.

Witness retired.

Mr. Kennedy was recalled. Mr. Calder concluded the reading of Mr. Kennedy's report.

Witness discharged.

Mr. J. E. Knox, Customs Preventive Officer, Montreal, was recalled, sworn and examined respecting the contents of the warehouse of Mr. Telford and of Mr. Jenkins of Rock Island, Que. Witness produced an inventory of the said contents.

Witness retired.

Mr. William L. Hicklin, Chief Clerk Preventive Service, Montreal, was recalled. He filed:—

Exhibit No. 218—List of officials stationed in Rock Island district who were subsequently withdrawn.

Witness retired.

The Chairman again called the names of the following witnesses summoned to appear to-day, none of whom responded, viz:—

1. Sylvan Ernst, Lunenburg, N.S.
2. Captain Levinus Wentzell, Lunenburg, N.S.
3. Captain Titus Wentzell, Lunenburg, N.S.
4. Howard Whynacht, Lunenburg, N.S.
5. Albert W. Himmellman, Mahone Bay, N.S.

Resolved,—That the expenses incurred by Messrs. Knox and Hicklin in accompanying Mr. Telford to Rock Island, Que., be charged to the Committee.

The Committee rose at 4.20 p.m.

The Committee resumed at 8 p.m.

Mr. G. W. Taylor submitted:—

Statement showing all seizures made from J. H. Racicot of St. Johns, Que., with particulars in each case.

Mr. Henry McLaughlin, Surveyor of Customs, Montreal, was recalled, sworn and examined in reference to evidence given by Mr. John McCarthy on 2nd June, respecting alleged removal of liquor and wood from the Montreal Customs Examining Warehouse.

Witness discharged.

Mr. Alfred Goyette, Foreman, Customs Examining Warehouse, Montreal, was recalled, sworn and examined respecting Mr. McCarthy's evidence given on the 2nd June.

Witness discharged.

Mr. Calder read part of and filed, as

Exhibit No. 221 (*a*)—Fourth Annual Report, Quebec Liquor Commission, Montreal, 1924-25.

Mr. Calder also read part of and filed, as

Exhibit No. 219—Customs Appraiser's Bulletin No. 3.

By permission of the Committee, Hon. Mr. Stevens filed four Orders in Council (Sess. Papers No. 84, 1926) to be printed into the record, viz:—

P.C. No. 641, File No. 112437; P.C. No. 1646, File No. 123175; P.C. No. 1903, File No. 123175; P.C. No. 29, File No 125617.

Mr. Francis W. Cowan, Department of Health, Ottawa, was recalled and sworn. He filed a memorandum of suggestions to prevent the illegal importation of drugs.

Witness discharged.

Hon. Mr. Stevens filed:—

Exhibit No. 220—Affidavits from gaugers at various ports respecting the disposal of gauger's samples.

On motion of Hon. Mr. Stevens it was

Resolved that Mr. Sparks be permitted to make a statement, collaborated with other business men, to-morrow morning.

The Committee adjourned until to-morrow at 11 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

MONDAY, June 7th, 1926.

The Special Committee appointed to investigate the Department of Customs and Excise, and charges relating thereto, met at 10.30 a.m., the Chairman, Mr. Mercier, presiding.

J. H. Ross, called and sworn.

By Mr. Calder, K.C.:

Q. I believe that you, acting merely as a citizen, reported the movement, insofar as you knew, of 6,000 cases of Canadian Club Whiskey, shipped by Hiram Walker & Sons, Limited, to Ensenada, Mexico, in December, 1923; is that correct?—A. It is, sir.

Q. How did you come to be advised that this shipment was en route, in the first place?—A. From the Mexican Consul.

Q. At Vancouver?—A. No, Toronto.

Q. Were you then in Toronto?—A. I was, sir.

Q. Under the law of Mexico, was it requisite, in order to land whiskey in Mexico, to get invoices through the Mexican Consul, to issue them through his office?—A. Yes, sir.

Mr. R. T. FERGUSON: How can the witness speak of the law of Mexico?

Mr. CALDER, K.C.: Because it forms much of the subject of discussion here. It is not authoritative, it is only an introductory question.

Mr. BELL: May we know how he assumes to get that information?

By Mr. Calder, K.C.:

Q. How did you get that information?—A. From the Mexican Consul.

Q. There is a whole lot of correspondence on the file about it. It has no evidential value, except as an introduction to further questions. Was the allegation that certain shipments were not getting these invoices through the Mexican Consul?—A. No, invoices from the Mexican Consul were put through. With regard to certain types of boats, there were certain Customs fees that had to be paid when the boat left Vancouver, and they were not paid.

Q. They were not paid on shipments which are supposed to have left Vancouver?—A. As far as fees to the Mexican Consul, they were never paid.

Mr. BELL: It is pretty far fetched hearsay.

Mr. CALDER, K.C.: Yes, it is.

By Mr. Calder, K.C.:

Q. Do you know anything of the movement of the Prince Albert? Did you go to Vancouver at all in this connection?—A. No, sir.

Q. So all that you can say is that there was information that the Mexican Consul handed over to you?—A. Yes, sir.

Q. Which you transmitted to the Department?—A. Yes sir. And, furthermore, the Mexican Consul wired the representative at Ensenada, to know—

Q. We will call the Mexican Consul, if necessary, about that. Also as to the movement of the Prince Albert. Did you procure those telegrams from the Mexican Consul?—A. No, I read them.

Q. Did you forward any copy of them to the Department?—A. No, sir, I just gave the Department a synopsis of them.

Q. You do not know anything personally, about the movement of the Prince Albert, do you?—A. No, sir.

Q. Who is the Mexican Consul?—A. At that time?

Q. Is he not there now?—A. No, sir.

Q. Nor available?—A. He is in Havana, Cuba, at the present time, I understand.

Q. From time to time, you reported what you had heard from the Mexican Consul, as to the movement of these cases?—A. Yes, sir.

Q. To the Department?—A. Yes, sir.

Q. Did you get answers from them?—A. Yes, sir.

By Mr. R. T. Ferguson:

Q. Do you know anything of the arrangement made by the Mexican Consulate touching the shipment of liquor from Canada to Mexico?—A. No.

Q. You do not know that?—A. No.

Q. Do you know if any change had taken place in the arrangement which existed prior to this shipment itself?—A. No, sir.

Q. Do you know whether the Minister was told that these goods were not going out of Canada?—A. I did not wire him.

Q. Did you give him any information about the goods going out of Canada? —A. I wrote him.

Q. You wrote him that they were not going out of Canada?—A. That part of them were not going out of Canada.

Q. Have you any reason to think, now, that any part of them remained in Canada?—A. Just as much reason now as I had then.

Q. Will you get the letter from Mr. Calder, which you wrote to the Department?—A. Mr. Calder has not got the letters I wrote.

Mr. R. T. FERGUSON: Mr. Calder, you have the Departmental file?

Mr. CALDER, K.C.: Yes. Mr. Ross, will you look at the Departmental file, and find your original letters.

By Mr. R. T. Ferguson:

Q. Have you your original letters?—A. I have them here.

Q. Your original letters?—A. No, my copies of them, and the originals of letters from the Department.

Q. Did you, or not, make the definite allegation to the Minister that these goods were not going out of Canada?—A. I made the allegation that part of them, at least, were not going out of Canada.

Q. What reply did the Minister make to that, or the Deputy Minister?— A. I just forget what reply he made, but you can read all the correspondence about it, here.

Q. I may be able to save some time of the Committee. Did the Minister reply that these goods were still in bond, when they reached Vancouver, had been examined and found intact?—A. The Minister wrote me that after investigating he was informed that there was no boat, at the time of the arrival of the whiskey in Vancouver, by which to send the whiskey; that since the whiskey had been unloaded, a bond had been given, subject to the producing of landing certificate. As I understand that letter, the bond was given only after the goods arrived in Vancouver.

Q. The goods arrived in Vancouver intact, according to the Minister's letter. He told you they had been received and examined, and were in the Government warehouse at Vancouver awaiting shipment to Mexico?—A. He does say they are awaiting shipment to Mexico.

Mr. CALDER, K.C.: That is as much hearsay as any evidence the witness could give.

Mr. FERGUSON: Surely you will allow me to correct any improper impression that has been made.

Mr. CALDER, K.C.: There has been no impression created so far.

Mr. FERGUSON: If not, all right.

Mr. CALDER, K.C.: I think I stopped the witness as soon as he arrived on the ground of irrelevant hearsay.

Mr. FERGUSON: He is the witness who, from the moment the goods were shipped, informed the Department of things that were going to happen, which, in fact, never did happen.

Mr. BELL: However that may be, I should like, if the witness can say definitely, by reference to the correspondence whether or not what Mr. Ferguson has stated is so; because it seems to me to be irrelevant if it is; or perhaps irrelevant, if it is not.

WITNESS: What do you want to know, Mr. Ferguson?

Mr. BELL: If you will have the question read, and see if the witness can answer it.

(Question read to witness.)

By Mr. Bell:

Q. Does the correspondence which you have bear out the assumption Mr. Ferguson puts to you; if it does not, tell us in what respects it does not. Do you find, in answer to Mr. Ferguson's question, the information in the correspondence?

Mr. CALDER, K.C.: Let me see that correspondence for a moment. (Witness hands correspondence to Mr. Calder.) This is the letter, I think, that is wanted:

"OTTAWA, 7th July, 1924.

J. H. Ross, Esquire,
312 Davisville Avenue,
Toronto, Ontario.

DEAR SIR,—I have before me your letter of the 13th instant. I can only repeat what I said in my letter of the 2nd instant, namely: That satisfactory evidence of the exportation under bond of 6,000 cases of liquor consigned to Watson & Company, Ensenada, Mexico, by Messrs, Hiram Walker & Sons, Limited, Walkerville, and arrival of the shipment at its destination, is shown by Counsul certificates issued by the Mexican authorities, and bearing the official seal of the British Vice-Consul.

As to the export bond referred to in your letter, you are evidently confusing exportation under bond of imported liquor, with similar shipments of domestic liquor.

I am informed that the Port of Toronto has had no occasion to use a bond under the form prescribed by memorandum No. 23, for the reason that no exportation under bond of Customs liquor has been made from that port for some years. In the case of shipment of excisable liquor under bond, Form No. A-16 is always used.

Yours faithfully.

(Signed) JACQUES BUREAU."

Mr. CALDER, K.C.: Then there is letter of June 2nd, 1912, in which he says:

"OTTAWA, Ont., 2nd June, 1924.

J. H. Ross, Esq.,
312 Davisville Ave.,
Toronto, Ontario.

DEAR SIR,—You have written to me several times respecting certain shipments of ginger ale from Waterloo, Ontario, which upon their arrival at destination turned out to be Kuntz' beer.

I have had this matter carefully investigated. Of course, in the case of exports, reliance has to be placed upon the statements made by the firms exporting, but in view of what has happened in this instance steps have been taken which will prevent a like occurrence.

With regard to the shipment of liquor made for export, made by Walkers Limited, I may say that no law has been broken in regard to it, and the bonds covering it were not released until the Department was furnished with satisfactory proof that the liquor in question had been actually exported from Canada.

Yours faithfully,
JACQUES BUREAU."

Then I think this is the letter you refer to:

"MARCH 1st, 1924.

J. H. Ross, Esq.,
312 Davisville Avenue,
Toronto, Ontario.

DEAR SIR,—I beg to acknowledge receipt of your letter of the 27th February, advising me that on the 19th December last, Walkers Limited shipped 6,000 cases of Canadian Club Whiskey to Watson & Company, Vancouver.

You say that when they reached Vancouver, there was no boat and the goods were placed in the Customs Warehouse. I think they were in a good place if they were in the custody of our Customs Officers, they could not have been better looked after.

After investigating, I am informed that as you say, there was no boat at the time of the arrival of the whiskey in Vancouver, but since, the whiskey has been unloaded and the bond has been given subject to the producing of the landing certificate.

Yours truly,
JACQUES BUREAU."

By Mr. Calder, K.C.:

Q. I thing you said that you had some evidence of your own which is not hearsay, as to the consumption of liquor shipped for export in Vancouver or British Columbia?—A. My knowledge of that is more or less hearsay but W. Harper—

Q. Never mind, if it is hearsay we cannot admit it. The most we can do is to ask you for the name of the witness?—A. I have got W. Harper of Toronto.

Q. Of Toronto?—A. Yes sir.

Mr. DALY: There are letters on the file from Harper, who also was informer.

Mr. CALDER, K.C.: Yes, I read that letter. I thought that probably Mr. Ross has similiar information. If you are willing to have that letter read it will save calling Mr. Harper.

Mr. FERGUSON: I am quite willing to have that letter read.

Mr. CALDER, K.C.: It was to the general effect that bottles marked for export—

Mr. FERGUSON: Harper's letter was to the effect that he had "information from a reliable source". That is the phrase that occurs actually in the letter.

Mr. BELL: Regardless of what importance the letter might have, if that is the purport of the letter, surely we would not want to receive that. I would be quite willing, and I am sure everybody on the Committee would be quite willing that Mr. Harper should attend and give evidence, but if he is writing letters about what somebody has told him that something has happened somewhere, we certainly do not want that.

Mr. CALDER, K.C.: We do not want it unless we can get from Mr. Harper reliable authority and get him here. As a matter of fact, the landing certificates, I may say, during the correspondence, turned out to be fake landing certificates.

Mr. FERGUSON: That is hardly correct.

Mr. CALDER, K.C.: Well, I think it is. I will read the correspondence and it will speak for itself. The landing certificates, to put it briefly, were sent down—

Mr. FERGUSON: You have the landing certificates here, Mr. Calder.

Mr. CALDER, K.C.: Yes, I have them here.

Mr. FERGUSON: Yes.

Mr. BELL: Why not, Mr. Calder, might I suggest, put in the landing certificates into the record?

Mr. CALDER, K.C.: And the letters passing between the Dominion of Canada and the British Consulate, and they will speak for themselves.

Hon. Mr. STEVENS: Yes.

Mr. FERGUSON: They speak as to one signature, there is more than one signature.

Mr. BELL: Naturally, we want to see them and see what importance is to be attached to them.

Mr. CALDER, K.C.: To summarize, the matter was taken up later with the Department following upon Mr. Ross' correspondence, the matter was taken up through the British Embassy and the matter investigated. The British Embassy writes as follows on March 22nd:

"BRITISH EMBASSY, WASHINGTON,

MARCH 22nd, 1924.

SIR,—With reference to Sir Auckland Geddes' dispatch of June 15th, 1922, I have the honour to transmit to you herewith a copy of a letter which I have received concerning Mr. W. D. Madden for such action as you may be disposed to take in the matter. I have also forwarded a copy of the letter in question to His Excellency, the Governor General of Canada.

I am, sir,

Your most obedient, humble servant,

(Signed) ESME HOWARD,

H. A. C. CUMMING, C.M.G., O.B.E.
British Legation, Mexico City."

The relevant paragraph in the letter from J. A. Edington, which is attached, is the following:

"SIR,—The following facts may serve in re W. D. Madden, Vice Consul in Ensenada, Mexico.

1. Madden approached and proposed to McAdam's watchman, at the Ensenada warehouse, where liquor worth $300,000, duty paid, was then stored, and proposed an easier way of procedure for handling liquor for legitimate sale in the United States. The net result of this was that McAdams in behalf of the Independent Liquor Ring of Vancouver, agreed to Madden's plan of false clearance of vessels that never arrived at Ensenada. For over two years Madden received $1,000 U.S.C., generally in a single bill, for signing to each false clearing. This was never less than a monthly event and frequently twice a month. No vessel ever reached Ensenada under this plan. Instead, the vessel was cleared, loaded off San Francisco and there disposed of cargo to U.S. runners who paid cash on board. Competition between the Vancouver Consolidated Liquor Ring and the Independents, in which the latter sold for $5 per case less than their rivals, caused the Consolidated people to reveal Madden's actions. This caused Madden's suspension as Vice consul."

Then, these papers were forwarded, apparently, although the intermediate step does not appear on the file. They were forwarded to the Dominion of Canada Department of Customs and Excise, because there is a letter of the 2nd April, 1924.

"APRIL 2nd, 1924.

Under Secretary of State for External Affairs,
Ottawa, Ontario.

SIR,—I have the honour to acknowledge receipt of your reference dated 28th ultimo, being dispatch number 115 from British Embassy, Washington, with copy of letter from British Embassy, Washington, to H. M. Charge de Affairs at Mexico City, dated 22nd March, transmitting copy of letter received by the British Embassy, Washington, concerning Mr. W. D. Madden, British Vice Consul, Ensenada.

I have the honour,
sir,
Your obedient servant,

Acting Commissioner of Customs and Excise.
Signed C. P. B."

This was referred to the Commissioner and the Commissioner submitted a memorandum to the Honourable the Minister of Customs and Excise, as follows:

"FOREIGN CUSTOMS, LANDING CERTIFICATES,
ENSENADA, MEXICO.

Attached hereto is copy of reference from Under Secretary of State for External Affairs, dated 28th March, being dispatch No. 115 from British Embassy, Washington, re Mr. W. D. Madden, British Vice Consul at Ensenada, Mexico.

From this it appears that the British Embassy, Washington, had received information from one J. A. Edington that Madden has been a party to the granting of false certificates of clearance of vessels that never arrived at Ensenada.

The British Embassy, Washington, on the 22nd March, transmitted information to H. A. C. Cummings, Esquire, British Legation, Mexico City, for such action as he might be disposed to take in the matter.

From this I gather that the charge will be investigated and we will receive a further report as to the result.

The question before you now is, what action, if any, we should take pending further report, in allowing cancellation at Pacific ports of bonds given on export of liquors to Ensenada.

At present the collectors on instructions from the Department are delivering up bonds for cancellation, using their own judgment as to the genuineness of the certificates but they will have no official notice of this charge. Formerly, when these certificates were forwarded here for instructions, it was noticed that at Ensenada they were on many occasions signed by this Mr. Madden as British Vice Consul and this fact had weight in concluding they were genuine.

We cannot, I presume, take any action with regard to bonds already delivered up for cancellation should the certificates be proved to have been false, but you may be of the opinion that we should refuse to accept as genuine any further landing certificates produced from Ensenada and countersigned by Mr. Madden pending action to be taken by the British Legation at Mexico by way of investigating the charge that has been made.

If we are to adopt this attitude I think we should have the collectors at the Pacific ports notify exporters to Ensenada, as otherwise they might claim with reason that they were acting on the assumption that, as formerly, these certificates would be accepted.

Respectfully submitted,

Commissioner of Customs and Excise,"

The next is letter from H. B. M. Consul General, Mexico City.

"APRIL 30th 1924.

Sir: I have the honour to call your attention to the following matter.

The post of British Vice Consul at Ensenada, Lower California, Mexico, was abolished last year. The date of the dispatch from this office instructing Mr. Vice Consul W. D. Madden to close the post was June 27th, 1923. Owing to the difficulty of communicating with Ensenada and owing to the fact that Mr. Madden was frequently absent from his post, considerable delay occurred in obtaining from him the return of the Consular seals, stamps and other government property. Most of these have now been received by me but I have not yet obtained the seals for use with ink and wax, which are usually supplied to Consular officers.

The attention of H. M. Government has recently been called to the fact that Mr. Madden, in spite of my instruction to close the post at Ensenada, has continued to act in a consular capacity.

I learned from Mr. Noel Wilde, the Canadian Trade Commissioner in this city, that information has been supplied to the Canadian Government indicating that the port of Ensenada has been used in connection with the illicit traffic in liquor between the Dominion and the United States and that Mr. Madden has given certificates during the last year in connection with shipments of liquor which, according to the Mexican authorities were not landed in Ensenada.

This liquor appears to have been shipped ostensibly for Ensenada and the documents officially certifying that the goods have been landed

in Mexico have been issued to conceal the fact that their real destination was the United States.

It is naturally difficult for me at this distance from Ensenada, to ascertain how far the information regarding smuggling is correct and I have no means of ascertaining whether Mr. Madden is concerned in the matter directly or indirectly, but in the circumstances, I venture to suggest that it would perhaps be as well if you would kindly give us instructions to be given to the officers in charge of the Government Customs at the ports on the western coast of the Dominion to the effect that documents purporting to be signed by Mr. Madden or any other British Consular officers at Ensenada since July, 1923, must be regarded as false. At the same time I should be grateful if you would give us more by getting, providing there is no objection, whether, as a matter of fact, the Customs officials at such ports, have any knowledge of the existence of any documents which would indicate that Mr. Madden has been acting in a consular capacity since July of last year.

I have the honour to be,
Sir,
Your obedient servant,

(Signed) NORMAN KING, H. B. M.
Consul General."

And finally all the documents which had been sent to the Dominion Government were returned by the following letters:

"MEXICO CITY, June 18, 1924.

H. B. M. Consul General.

SIR,—I have the honour to acknowledge receipt of your dispatch No. 120838 of the 7th instant, on the subject of the Vice Consul at Ensenada. The documents which you enclosed proved that Mr. Madden, who was formerly Vice Consul at Ensenada, has been acting illegally and I have considered it advisable, therefore, to refer the matter to the Foreign Office. I am returning herewith original documents in accordance with your request, as you were kind enough to enclose photograph of each one. The photographs I have sent to the Foreign Office in proof of the charges against Mr. Madden and I shall leave the matter in the hands of the Secretary of State.

I much appreciate the trouble you have taken in the matter and take the opportunity to thank you for your kind co-operation.

I have the honour to be, Sir,
Your obedient servant,
(Signed) NORMAN KING,
H. B. M. Consul General.

To The Commissioner of the Department of Customs and Excise,
Ottawa, Ontario."

Among the papers returned is the following:

"Ensenada *via* Vancouver."

Mr. DALY: Those are not the landing certificates in question.

Mr. CALDER, K.C.: No, I think the landing certificates are the documents that were sent because it was in consequence of Mr. Ross' inquiry that the matter was taken up. That is only a matter of inference but I will ascertain that by the correspondence.

Mr. FERGUSON: I do not entirely agree with that inference, Mr. Calder. As a result of Mr. Ross' information to the Department these goods were closely watched; from the moment they left the distillery warehouse they were watched until the moment they left Canada. On March 17th the bonds in respect of these goods were released and it was only on April 2nd that the first word comes to the Department regarding the bona fides of this man Madden. Now, may I say this; this information touching on Madden, the alleged British Vice Consul, was just as much news to Messrs. Hiram Walker and Sons Limited as it was to the Department. Hiram Walker's did not know anything, and the Department did not know until after the bonds were cancelled, that Madden had no authority to sign the certificate. But there is this important point: these goods were watched, and carefully watched as a result of Mr. Ross' information during the whole time they were in Canada. The Department exercised, not merely its usual care, which is very extensive, but additional care. The goods actually left Canada. There is now, of course, some question as to whether they arrived at Ensenada or not. I do not think it is a matter of inference. I do not think there is any question that the goods went out of Canada and stayed out of Canada.

Mr. CALDER K.C.: I think that you miss the important point altogether. If they were cleared for Ensenada and if was never intended that they should go there, then the Customs Department were supplied with misleading documents. Hiram Walker and Company tell us that they shipped to a certain firm of Dusty in Vancouver, and there the matter ended in so far as they were concerned. So I fail to see what paternal interest they can have beyond that point. But if the goods cleared for Ensenada and it was never intended that they should go there, then whoever cleared them for that point was, according to a system widely established, deceiving the Customs authorities, and the deceit was increased if these landing certificates are false. That is the whole point of the inquiry.

Mr. FERGUSON: Yes, but my point is this: If deceit there was, that deceit was practised on Hiram Walker's equally with the Government; that is my point.

Mr. BELL: Is there any positive information, Mr. Calder, as to who cleared them ostensibly for Ensenada?

Mr. CALDER, K.C.: Judging from the statement made by counsel just now, apparently Hiram Walker's cleared them because he pleads their ignorance of Hiram Walker. If the evidence given by Mr. Ladore and other people on Friday is correct, Hiram Walker's interest in the transaction ended when the goods were shipped to Vancouver.

Mr. FERGUSON: Obviously that is not correct because they have given bond assuring safe landing of these goods at Ensenada.

Mr. CALDER, K.C.: In that case Hiram Walker's did clear from Vancouver to Mexico City.

Mr. FERGUSON: They gave bond that the goods would get there. Then comes the point that the goods did not get there, that the goods went to Vancouver, to Watson's agent, and the physical acts governing that shipment were in the hands of these men.

Mr. CALDER, K.C.: It boils itself down to this: that Hiram Walker & Sons were responsible for the goods getting to Ensenada.

Mr. FERGUSON: That was a term of the bond. The bond was made so.

Mr. CALDER, K.C.: But the real intention was that they should never reach there, but should be lightered somewhere else, and if so, then it would fall within the suspected transactions.

Mr. FERGUSON: That is the very point I am raising, that is, that certain things developed to the prejudice of Hiram Walker & Sons before the Dominion Government.

Mr. CALDER, K.C.: Documents are attached to the letter of June 18th, in behind the letter which is on this file. The documents attached are six in number, bearing the signature of W. D. Madden, British Vice-Consul in Lower California.

The CHAIRMAN: Have you any proof, Mr. Calder, that these goods were landed in Ensenada?

Mr. CALDER, K.C.: That is why I wanted to get the logs of the vessel Prince Albert, Mr. Chairman.

The CHAIRMAN: But have you any conclusive testimony upon that point?

Mr. CALDER, K.C.: No, I have no conclusive testimony upon that point, except that there was a landing certificate, which was false as to the signature.

Mr. FERGUSON: There are other signatures too, which might have made it valid.

Mr. CALDER, K.C.: There is the signature of the Spanish official at the port of Ensenada. If we couple this with the investigation of the British Embassy, we will find that these were in fact false as a system, as applying to the shipments of liquor from Vancouver, that is, the investigation of the British Embassy. You may say that that is hearsay, but hearsay from the British Embassy is fairly good.

The CHAIRMAN: What is your contention, regarding this?

Mr. CALDER, K.C.: My contention is that these goods shipped to Ensenada never went to Ensenada at all, but were boot-legged into the United States, and the charge is that documents of a misleading character were furnished both before and after the shipment. That is the full head and front of the offense.

Mr. BELL: May I ask a question, Mr. Calder? You were good enough to read a letter. Was it the purport of that letter that all the certificates issued by Madden were false certificates, or was the purport of it that so many had been false that they realized that this was a possibility?

Mr. CALDER, K.C.: I would take the purport to be that all liquor shipments from Vancouver to Ensenada, or purporting to be from Vancouver to Ensenada, were false shipments. He proposed an easier procedure for handling liquor for ultimate sale in the United States; he says that the result of this was that they agreed to Madden's plan for false clearances of vessels that never arrived at Ensenada, and he got $1,000 each.

Mr. FERGUSON: That is hearsay.

Mr. CALDER, K.C.: And this particular invoice is declared by this British Embassy to be false.

Mr. BELL: Is there a specific identification by the British Embassy of this particular cargo?

Mr. CALDER, K.C. (Reading):

> "The documents which you enclosed prove that Mr. Madden, who was the Vice-Consul at Ensenada, has been acting illegally."

Mr. BELL: But is there an identification of this with anything that was returned?

Mr. FERGUSON: There is no connection at all. That has to do with other shipments.

Mr. BELL: If there is any identification of this with anything that was returned, it seems to me to be very important that we should know it.

Mr. CALDER, K.C.: This refers to other shipments. That Vice-consulate was closed in June, 1923, and this shipment was in December, 1923.

Mr. BELL: I am not in any way challenging the accuracy of it.

Mr. CALDER, K.C.: You want to know whether it actually ties up?

Mr. BELL: Yes, whether the identification is complete.

Hon. Mr. STEVENS: I think there are two main points to consider, Mr. Calder, in this specific case. The first is this, that the exporters took out a bond in double the amount of duty, guaranteeing the landing of these goods at the point of destination. That is the first point. The bond was cancelled, as I understand, and I think that fact is established.

Mr. CALDER, K.C.: It was returned for cancellation, but was never cancelled. I believe that is the true state of affairs.

Mr. FERGUSON: That is hardly correct. As far as Hiram Walker & Son are concerned, they understand that the bond was cancelled, and that it was cancelled on the 17th of March.

Mr. CALDER, K.C.: I am only going to the evidence.

Mr. FERGUSON: The correspondence that you read indicated that the bond was cancelled.

Hon. Mr. STEVENS: Let us assume that the bond was cancelled, for our purposes, that it was cancelled on the strength of this inquiry being carried on; the second point then arises, namely, that the bona fides of the shippers have been called into question. The shippers in return say that they exported through a certain firm in Vancouver, and that as far as their intent was concerned, they were perfectly within the law. Now, the question arises, who is to blame for the failure to properly land these goods and get a proper certificate for such landing. An improper certificate has been advanced. It seems to me that that is the only point remaining to be made clear.

Mr. CALDER, K.C.: Morally it would plainly be Dusty, but if Dusty was covered by a bond from Hiram Walker & Sons, who said that they would guarantee to the Dominion of Canada that this transaction would be done properly, then I imagine that if the landing had not been made at Ensenada, and the bond had been cancelled on the representations then made, the bond would be executory as against Hiram Walker & Son who would have their recourse against Dusty. I think that is the position of the matter as far as this transaction is concerned. I have been trying to get the log of the Prince Albert, but the company who owned the Prince Albert is in liquidation. We have summoned everybody who could tell us where this log is, but we cannot find it. As far as I am concerned, my conclusion upon this matter would be this, that there is a strong presumption that the goods did not go down to Ensenada at all, up to the date of the return of the landing certificate, and there is the fact that it was signed by an official who was out of office several months before. The information we have is that these would be signed in packs by the Mexican consul, in advance.

Mr. FERGUSON: That is an inference.

Mr. CALDER, K.C.: It is not an inference, it is more than an inference, it is a positive statement of fact that has been procured. Then there is the fact that Mr. Allanis signed it also, which was accepted on the faith that the British Empire had in its official. It turns out to be false, as regards the signature of Mr. Madden. Now, I am afraid that we cannot say that it is much strengthened by the fact that it was signed falsely by Allanis; it may or may not have been signed falsely by him. I would say that the recommendation upon this case should be that the Department should further investigate it, and trace out the different movements of this liquor by the Prince Albert.

WITNESS: If you will call for the letter written by Mr. Ladore to the Mexican Consul of March 22nd, you will find what you are looking for. I do not know that it is on your file.

By Mr. Calder, K.C.:

Q. Did you see it?—A. I did.

Mr. CALDER, K.C.: Mr. Ferguson, have you the letter written on March 22nd to the Spanish Consul?

Mr. FERGUSON: I do not think so. Anyway, that has no bearing upon this question. That is a dispute with the Mexican authorities as to how much should be paid. I think it is on the file.

Mr. CALDER, K.C.: There is no letter of that date or of that purport here.

By Mr. Calder, K.C.:

Q. Did you see the letter yourself?—A. Yes, I did.
Q. Did you read it?—A. I did.
Q. You did not take a copy of it, I suppose?—A. No, sir.

By Hon. Mr. Stevens:

Q. Where did you see it?—A. In the Mexican Consul's office.
Q. It was written to whom?—A. To the Mexican Consul.

Mr. CALDER, K.C.: We have it on the files of Hiram Walker & Sons, which were left with the Committee when the witness was examined.

By Mr. Calder, K.C.:

Q. Will you see if this is the letter you mean. I do not think it has much bearing? (Showing letter to witness.)—A. No, sir.
Q. It is not that letter?—A. No, sir.

The CHAIRMAN: What is the date of this letter, Mr. Calder?

Mr. CALDER, K.C.: The 22nd of March. There may be another letter in that connection, but that is all we have on this file. If the witness saw the letter, and it is not otherwise available, I would imagine the purport of it can go in.

Mr. BELL: If it is really lost, otherwise it would be very objectionable hearsay.

Mr. CALDER, K.C.: It would not be hearsay, but it would not be primary evidence. It shows, however, that this is purely Pickwickian on the part of Hiram Walker & Sons, who happened to be in charge.

Mr. BELL: Yes, I know that.

The CHAIRMAN: You are discharged.

Witness discharged.

Mr. FERGUSON: Before this matter closes, Mr. Chairman, I may say that I am only interested in regard to the firm of Hiram Walker & Sons, and the transaction which is in question so far. The inference to be drawn is this: That Hiram Walker & Sons, received an order from one Dusty, of Vancouver, acting on behalf of a firm, Watson & Company of Ensenada. This was not the first transaction they had had with Dusty; their previous transactions had been highly satisfactory both to the Hiram Walker & Sons, and to the Dominion Government. Immediately on the second order being shipped, certain questions were raised, and one question led to another, so that there is no direct connection between our first information and the validity of the signature of Madden. Hiram Walker & Sons gave a bond and produced evidence satisfactory to the Collector of Customs that the goods had gone to Ensenada. Up to this point, there is no question as to the validity of the signature of Madden. In addition to Madden's signature the certificate was signed by the Mexican authorities, and sealed with the Mexican seal. The collector of Customs at Walkerville expressed

himself as satisfied, and that being so, they considered that transaction as closed, and the bond cancelled. They made application for the draw-back. I offer Mr. Calder or whoever might be hereafter interested, to provide every information possible, to get at any party who is responsible for anything that is wrongly done, but as far as Walker & Sons Ltd are concerned, they acted in the whole matter in good faith.

Mr. CALDER, K.C.: But if the goods were not landed at Ensenada, and if the certificate was not a correct recital of the facts, no matter whether it was signed by this man or that, the cancellation of the bond is something done in error.

Mr. FERGUSON: That is a matter of discussion here after. We make no admissions of that kind.

Mr. CALDER, K.C.: If the cancellation was in error, I think the bond would revive, and Hiram Walker & Sons would be answerable under the bond, and they would have their recourse against Dusty, that is, as far as the financial part is concerned. Then would arise a question in which I am ready to say, that it appears certain that Hiram Walker & Sons were not responsible, that is, the procuring of the false landing certificates, which would probably be a very awkward matter for Mr. Dusty to explain.

The CHAIRMAN: I think we are all agreed on that.

Witness retired.

Mr. CALDER, K.C.: In the absence of the Nova Scotia witnesses, Mr. Chairman, I have nothing else to lay before the Committee this afternoon, except to call Mr. Kennedy. His report is to be read, I understand.

The CHAIRMAN: Yes, read and printed.

ARCHIBALD MALCOLM KENNEDY called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Kennedy, were you instructed to inquire into conditions at the port of Montreal?—A. Yes, sir.

Q. Did you do so?—A. I did.

Q. How long did your investigation last?—A. From the 13th of January, until the 7th of May, 1926.

Q. What did your investigation bear upon particularly?—A. The general condition at the port.

Q. With respect to what, in particular?—A. All phases of the port administration.

Q. This was a general inspection by the staff of the Chief Inspector?—A. Yes, sir.

Q. How long was it since it was inspected before, since the port was inspected previously?—A. By Inspector Clerk, on the 5th day of March, 1925.

Q. But by the chief inspector's branch?—A. The last inspection was in the Winter and Spring of 1922; I could not give you the exact dates. It was finished in April.

Q. Who was the inspector upon that occasion?—A. I was, sir.

Q. Did you file a report upon that occasion?—A. I did.

Q. May I ask you whether you found conditions changed very much from what you had reported the first time?—A. In some respects, yes, in others, no.

Q. Did you point out in your report what had been previously recommended, but what had not been done?—A. I believe so. I think you will find that contained in the report.

The CHAIRMAN: The report speaks for itself.

By Mr. Calder, K.C.:

Q. This is your report, with the annexed document?—A. As far as I can see, yes.

Q. It bears file No. 865478?—A. That would be added after it left my hands.

Mr. CALDER, K.C.: The report reads as follows. (Reads):

"OTTAWA, May 7, 1926.

R. R. FARROW, Esq.,
Deputy Minister, Customs and Excise,
Ottawa, Ont.

SIR:—In accordance with your letter of the 7th January, 1926, to Chief Inspector E. S. Busby, and your further letter of January 9, 1926, addressed to the writer, assigning me to duty as Acting Chief Inspector with instructions to proceed to the Port of Montreal and make a special inspection of the business of the Port, I have the honour to herewith attach a Report of the examination of the Customs Excise business transacted at the Port of Montreal, from the 5th March, 1925, to the 13th January, 1926, together with Form K-16 Special for Audit Purposes.

In addition to the usual statistical statement attached to such Report, I attach hereto the following special statements:—

Statement 4-A. Being a Statement of the revenues of the Port other than those set forth on Statements 3 and 4, and making up the difference between the total revenue shown on Statements 3 and 4, and the grand total of revenue collected at the Port.

Statement A. Being Statement showing in detail the documents checked in detail at the Port during the present inspection.

Statement B. Being Statement of Collector's Permissions and standing deposits for the immediate delivery after examination of perishable goods amounting to $27,234.00 cash deposits and $11,000 Victory Bonds.

Statement C. Showing the Tourists Deposits on hand at the Port, also Traveller's Samples Deposits on hand at the Port.

Statement D. Being statement of the overtime earned by the various officers of the Port, the amount repaid to the Department, and the net amount paid by the Department:

Amount earned	$44,853 00
Amount repaid	7,474 15
Net amount paid by Dept.	36,379 05

Statement E. Being Statement showing the errors found on checking Forms E-8 against the Registrar Outport Collectors at the Port of Montreal, which errors have been corrected.

Statement F. Being a Statement showing the Manifests found missing on making an analysis, the manifests received at the Port of Montreal, and also showing action taken with respect to same.

I also attach Statement Form K-8 together with Entries Forms B-1 accounting for unclaimed goods which could not be sold for a sum sufficient to pay duty and charges, and which were therefore destroyed under inspectional supervision, and which are accounted for on Entries 5180-E to 5197-E.

I also attach to Report the following letters of instruction issued to the Collector at the Port during the Inspection.

Letter dated February 23, 1926, setting forth the duties of the Chief Appraiser of the Port and marked as Exhibit No. 1.

Letter issued February 23, 1926, to the Collector of the Port, setting forth the duties of the Surveyor of the Port, and marked Exhibit 2.

Letter issued February 23, 1926, to the Collector of the Port, setting forth the duties of the Chief Clerk of the Port. The three above stated letters were submitted to you on approval and were so approved. Letter marked as Exhibit No. 3.

Letter dated February 26th, 1926, issued to the Collector of the Port, instructing him with respect to goods brought to the Examining Warehouse on Collector's Permission—Form C-6—for various purposes and then not entering and defining how such goods should be dealt with. Marked as Exhibit No. 4.

I also found it necessary to write the Collector respecting a seized car which was in the possession of Superintendent of Examiners A. E. Giroux, in contravention of Departmental Memorandum No. 464-C, a copy of which letter is hereto attached, dated February 27th, 1926, and marked as Exhibit No. 5.

I also found it necessary to write the Collector a letter of instructions dated March 2nd, 1926, respecting the issuance of and recording of Customs cigars, cigarettes, tobacco and snuff stamps by the Appraisers concerned to officers in charge of passenger stations, and giving instructions as to the proper method of procedure in such cases, a copy of which letter is hereto attached and marked as Exhibit No. 6.

I also found it necessary to write the Collector of Customs a letter under date of March 8th, 1926, directing his attention to the improper manner in which Officers at the Bonded baggage rooms at Windsor and Bonaventure Stations were executing Form E-29, Report for Deposit on Tourist outfit, and giving him instructions as to the proper method to be used in accounting his monies so collected, a copy of which letter is also attached marked as Exhibit No. 7.

I also wrote the Collector a letter under date of March 8, 1926, directing his attention to the practice which exists in the Manifest Room of the Port of altering Sending Port Numbers on Manifests at the request of the Sending Port, and instructing him that such practice was to be at once discontinued in accordance with Provisions of Departmental Memorandum 2031-B, a copy of which letter is hereto attached marked as Exhibit No. 8.

I also issued to the Collector under date of March 12, 1926, a letter defining the duties of the Superintendent of the Postal Parcel Branch, a copy of which is hereto attached marked as Exhibit No. 9.

Also a letter on March 12th, 1926, defining the duties of the Superintendent of the Express Branch, a copy of which is hereto attached marked as Exhibit No. 10.

Both of the above stated letters were submitted to you and received your approval before issuance.

I also found it necessary to write the Collector a letter on March 11th, 1926, respecting certain five small parcels of goods held by Mr. Account Clerk T. Logan, in the vault in the Accountant's office, for which no records were on hand, and advising him that under instructions from the Department such goods were to be placed on the unclaimed list and dealt with at sale under authority of Section 28 of the Customs Act, a copy of which letter is hereto attached and marked as Exhibit No. 11.

I also found it necessary to write the Collector of Customs a letter of instructions on March 22nd, 1926, directing his attention to the practice existing at the Postal Parcels Branch of the Port, of opening for examination registered parcels at such branch without the Addressee being present,

and instructing him that this practice was at once to be discontinued. A copy of this letter is hereto attached marked as Exhibit No. 12.

I also found it necessary to write the Surveyor of the Port a letter on March 24th, 1926, directing his attention to the fact that Manifests issued at the Moreau street Station of the Canadian Pacific and Canadian National Railways were being signed in the name of the agent in typewriting, and that the officer at the station was not keeping a register of baggage received, nor B16½, Small Collection Stub Book, and instructing him to correct such faults, copy of which letter is hereto attached marked Exhibit No. 13.

Also a letter addressed to the Surveyor of the Port under date of March 24th, 1926, directing his attention to the fact that the Officer in charge at Outremont Station, Montreal had not signed Manifests issued at that Station, and that the signature of the agent of the Railway Company was in typewriting, and directing him to take the necessary action respecting same. Copy of this letter is hereto attached marked Exhibit No. 14.

Also a letter to the Surveyor under date of March 24th, 1926, directing his attention to the fact that the Office at Place Viger Station did not have a B-16½ Small Collection Receipt Book, and also that the Record of bonded baggage forwarded was not posted; also that the signature of the Agent of the Railway Company on freight manifests at Place Viger was typewritten, and directing him to take the necessary action to correct these errors. A copy of this letter is hereto attached marked Exhibit No. 15.

A letter of instructions was also issued the Collector on March 30th, 1926, defining the duties of the Collector of Customs and Excise at the Port. A copy of this letter is attached marked as Exhibit No. 17.

Both these letters were submitted to you for approval and received same issuance.

It was also necessary to write the Surveyor of the Port a letter of instructions under date of April 6th, 1926, directing his attention to the fact that Officers at Place Viger Station of the Canadian Pacific Railway at Montreal were using the old form A-2 Manifest for goods being forwarded by rail and water, instead of the new form A-2 Amended, and instructing him to have this error corrected, a copy of which letter is hereto attached, marked as Exhibit No. 18.

It was also found necessary to write the Collector a letter of instructions on April 8th, 1926, directing his attention to the fact that certain officers of the Port were not signing the attendance Registers, in accordance with the Regulations of the Civil Service Commission, Sections 90 and 91, and a letter from the Civil Service Commission dated March 1st, 1926, as well as your own instructions of April 6th, 1926, that all such officers were required to sign the Attendance Register, a copy of which letter is hereto attached marked as Exhibit No. 19. In this connection I may state that such officers had ceased signing the Attendance Book in accordance with a letter issued under date of December 7th, 1923, by the Honourable the Minister, excusing them from signing such Attendance Register.

It was also found necessary to write the Collector a letter of instructions under date of April 28th, 1926, a copy of which is hereto attached marked as Exhibit No. 20, directing his attention to the fact that departmental instructions require that entries and other Customs documents having been once passed were required to be forwarded or transferred from Branch to Branch of the Port by a Customs Excise Officer and were not permitted to be forwarded under cover through an importer or his attorney or agent.

Also that Departmental regulations require that the public should not have access to the Computing Clerks in the Long Room, and if any necessary explanations require to be given on entries, they were to be given by the Inquiry Clerk.

Also that Departmental instructions require that entries, invoices and accompanying documents passed through Customs may only be shown to the Importer or his legally authorized attorney or agent, and may not be shown to any other persons except duly authorized officers.

Also a letter to the Collector written under date of May 5, 1926, copy of which is hereto attached, marked as Exhibit No. 21, and directing his attention to departmental regulations stating that the examining rooms in the Examining Warehouse are not to be accessible to the public, and that should it be necessary to take an importer, broker or Customs Clerk into such examining rooms, they should always be accompanied by a Customs Officer or be under Customs supervision."

By Mr. Calder, K.C.:

Q. Were these walls excluding people from the Examining Warehouse built when you began your investigation?—A. These walls were built when the building was first built. It was merely a question of keeping the doors closed and keeping out the public.

Mr. CALDER, K.C. (Continuing reading):

"Also that the same instructions apply to the rooms in which Unclaimed goods are stored in the King's Warehouse.

I also directed his attention to the necessity of officers when leaving their desks at the close of business tidying up such desks, and putting all their stamps, etc., away in security.

Also that the Room in which Excise and War Revenue stamps are stored should be kept securely locked.

It was also necessary to write the Collector a letter under date of January 26, 1926, a copy of which is here to attached, marked Exhibit No. 22, instructing him as to the procedure to be followed in accounting for a payment made by the Superintendent of the Postal Parcels Branch in the sum of $25 accounting for a lost package.

Statement and correspondence will also be found attached to this Report dealing with Refund Claims presented at the Port, which Refund Claims had been outstanding for an unusual period, and which had not been properly and promptly dealt with. This matter was taken up with the Department and with the Port, and the list of claims, copy of which is hereto attached, were properly dealt with and the matter closed.

Upon checking up the amended entries outstanding at the Port it was found that 132 entries with an amount of $7,084.70 were still outstanding. This matter was therefore taken up with the Collector, Appraiser and Amending Entry Clerk of the Port and vigourously followed up, with the result that practically all such outstanding amendments have now been closed and property accounted for.

It was also found upon examination of records that a large number of shipments of perishable goods delivered upon Collectors Permissions and standing deposit had not been properly entered and were outstanding far beyond the date permitted by departmental regulations. The Collector was therefore written to under date of January 28th, 1926, and the matter followed from that on with the result that all such perishable goods were properly cleared and the few remaining shipments of goods other than perishable, such as newspapers, currencies, etc., are being followed to a conclusion.

Similarly, express delivered as perishable was found to be outstanding, and a letter was accordingly written to the Collector under date of January 25, 1926, a copy of which is hereto attached, marked Exhibit No. 23, instructing him as to the proper procedure in dealing with perishable goods. This matter has also been the subject of constant attention with the result that such list is practically closed, and will be further followed by the Surveyor of the Port until finally eliminated.

Upon making a check of the records of Form E-7, received from the department, it was found a considerable number of such forms had not been properly cleared.

I therefore wrote the Collector a letter under date of January 19, 1926, copy of which is hereto attached, marked Exhibit No. 24, instructing him as to the proper action to be taken respecting same and attached to such letter a list of the outstanding E-7's.

It was later found that the large majority of these forms were attached to outstanding amending entries, which entries have since been closed.

Upon making a check of the postal parcels on hand at the Postal Branch of the Port, it was found that certain postal parcels were still open on the Forms E-19 being unaccounted for by entry, and the goods themselves not being on hand. I therefore wrote the Collector a letter under date of January 22nd, 1926, detailing the steps to be taken to close this matter, and furnishing him with a list of these outstanding goods, a copy of which is hereto attached with file respecting same, marked Exhibit No. 25.

It was also found that there was a considerable number of items open on the unclaimed list of the Port, and I therefore wrote the Surveyor of the Port a letter of instructions respecting same, under date of February 5th, 1926, copy of which, together with subsequent correspondence, is hereto attached marked Exhibit No. 26, such unclaimed goods having been since properly accounted for.

With respect to the seizures existing at the Port of Montreal, it was found that a considerable number of seizures had been made accounting for small shipments of wines, liquors, etc., which goods had remained on hand for a considerable period, and which under the law could not be offered for sale at the usual Customs sale.

The matter was therefore taken up with the department under date of March 22nd, and upon receipt of departmental instructions of April 17th, 1926, the Collector offered such liquors for sale to the Quebec Liquor Commission, but they declined to purchase same. Upon receipt of information to this effect from the Quebec Liquor Commission, the above stated goods were destroyed under departmental authority, and a letter written the department forwarding certificate of destruction in duplicate signed by Assistant Inspectors G. Graham and A. Cyphiot, Principal Clerk B. Balthazard and Customs Excise Examiner J, Taillon, copy of such letter and certificates being hereto attached marked Exhibit No. 27.

It was also found upon examination that a parcel of Cocaine was on hand at the Port, which had been seized by the Collector of the Port and Sergeant Salt of the Royal Canadian Mounted Police from one E. Freyvogel, and owing to a misunderstanding between the Collector and Sergeant Salt no report of same had been made to the Department.

This matter was reported to the Department, and in accordance with instructions a Seizure Report No. 3769 was made by the Collector and forwarded to the Department, and under date of April 3, 1926, such parcel of Cocaine was brought by the writer to the Department, and

turned over to Mr. C. H. Caldbeck for the Department, as per correspondence and receipts hereto attached.

It was also found that approximately 1,400 lists of sales tax licenses which had been forwarded by the Department to the Collector for issuance to licensees under the War Revenue Act were still on hand at the Port and had not been forwarded. I therefore wrote the Collector a letter under date of February 2, 1926, a copy of which is hereto attached marked Exhibit No. 28, instructing him to have such lists at once forwarded, which instructions were complied with.

I am also attaching Forms K-4 accounting for goods contained in Bonded Warehouse at the Port of Montreal, and in connection with same attached hereto correspondence between the Department, the Port, and the writer respecting certain discrepancies found:

With respect to Bond No. 2, marked Exhibit No. 29.
With respect to Bond No. 7, marked Exhibit No. 30.
With respect to Bond No. 20, marked Exhibit No. 31.
With respect to Bond No. 21, marked Exhibit No. 32.
With respect to Bond No. 29, marked Exhibit No. 33.
With respect to Bond No. 32, marked Exhibit No. 34.
With respect to Bond No. 42, marked Exhibit No. 35.
With respect to Bond No. 51, marked Exhibit No. 36.
With respect to Bond No. 52, marked Exhibit No. 37.
With respect to Bond No. 53, marked Exhibit No. 38.
With respect to Bond No. 56, marked Exhibit No. 39.
With respect to Bond No. 57, marked Exhibit No. 40.
With respect to Bond No. 61, marked Exhibit No. 41.
With respect to Bond No. 66, marked Exhibit No. 42.
With respect to bonded warehouse No. 73, marked Exhibit No. 43.
With respect to bonded warehouse No. 75, marked Exhibit No. 44.
With respect to bonded warehouse No. 77, marked Exhibit No. 45.
With respect to bonded warehouse No. 78, marked Exhibit No. 46.
With respect to bonded warehouse No. 82, marked Exhibit No. 47.
With respect to bonded warehouse No. 83, marked Exhibit No. 48.
With respect to bonded warehouse No. 85, marked Exhibit No. 49.
With respect to bonded warehouse No. 97, marked Exhibit No. 50.
With respect to bonded warehouse No. 90, marked Exhibit No. 51.
With respect to bonded warehouse No. 106, marked Exhibit No. 52.
With respect to bonded warehouse No. 109, marked Exhibit No. 53.

I also attach to this Report Forms F-11 showing the uncustomed and unclaimed goods on hand at the Port which have been checked and found correct.

I am also attaching a special report dealing with the Sales Tax Branch of the Port, the collection of arrears and the auditing of books and records of firms at the Port of Montreal. During the inspection a total number of audits of 1,031 were carried out; the total amount represented by such audits being $716,731.33.

Upon arrival at the Port it was found that there was a total of 218 active arrears at the Port, and as will be noted by the Special Report hereto attached this has been reduced to seven arrears. In connection with this I desire to express my appreciation of the services of Assistant Inspectors Edson, Laing, Lyons and Parks of the Port, Beaudoin under Mr. Inspector Bernier, and J. L. Wilkie of Hamilton, and H. R. Wilson of Belleville, who under the direction of Special Inspector V. C. Nauman carried out the above audits.

I have gone over the Special Report of Mr. Nauman, attached hereto and discussed this matter fully with him and beg to concur in his report.

With respect to the distilleries at the Port of Montreal I have the honour to state that these were checked up by Inspector A. F. Brain, a summary of whose report is also attached to this file.

With respect to tobacco, cigars and other factories and surveys under Excise, all these surveys were checked and inspected by Dominion Inspector Mr. Cavan and Assistant Inspector H. Longton during the course of the inspection, and I desire to express my appreciation of the large amount of work thus saved me in connection with this inspection.

The business of the Port has been brought up to date, carefully checked and where necessary instructions have been given to bring the work of the port into conformity with departmental regulations.

I may state that there are three matters which I desire to further enquire into, and make special reports to the Department upon, and for this purpose I would request that I be permitted to spend three or four days during the ensuing week at the Port; namely with respect to the sampling and weighing of raw sugar; the general question of the handling of vessels and cargo at the Port, and a continued study of the system and staff at the Postal parcels branch at the Port in order to obviate complaints respecting same.

All of which is respectfully submitted for the information, consideration and determination of the Department, and will, I trust, meet with your approval.

I have the honour to be,
Sir,
Your Obedient Servant,
(Signed) A. W. KENNEDY,
Acting Chief Inspector, Customs and Excise."

"May 7, 1926.

Memorandum to
Mr. A. M. KENNEDY,
Acting Chief Inspector, Customs and Excise,

In connection with the administration of the sales and excise tax in the port of Montreal, I have the honour to submit the following report after an extensive investigation covering the period from the 13th January to the 6th of May, 1926, inclusive.

Arrears	On Jan. 13th date of commencement of inspection	On May 6th.
6 months or over	36	1
5 months or over	39	—
4 months or over	12	1
3 months or over	40	—
2 months or over	88	5
Total	185	7

In addition there were the following firms who were shown as in arrears and refusing or disputing payment of tax:

Bakers (All arrears over 2 years old)	22
Printers	7
Furriers	2
Manufacturers' Tax Arrears	2
Total	33

All these have been cleared off either by audit or by letter report.

Audits conducted (to May 1st) and amount of arrears reported from commencement to close of inspection:—

	No. of reports.	Amount.
Asst. Inspector E. A. Edson	169	$148,866.58
Asst. Inspector A. Laing..	163	226,959.05
Asst. Inspector T. B. Lyons	98	43,305.39
Asst. Inspector J. H. S. Parke..	76	30,002.02
Asst. Inspector J. L. Wilkie.. ..	204	154,470.85
Asst. Inspector H. R. Wilson.. ..	199	82,304.41
Asst. Inspector J. E. Beaudoin..	45	22,384.86
Special Officer V. C. Nauman..	17	7,453.36
Special Officer L. A. Mason.. ..	60	984.81
	1,031	$716,731.33

During the period of inspection, Assistant Inspector Lyons was on sick leave for three weeks and Assistant Inspector Parke five weeks.

In addition to the above there were many reports by letter on various matters, special investigations, etc., on which no audit reports could be submitted.

During this period, Mr. Beaudoin performed six audits and special investigations for ports which are under the inspection of Inspectors Martin and Bernier.

The amount reported for these ports is $3,037.98.

Cheques: Return of, to licensees.

It was found that non-certified cheques were being received in some cases, in payment of sales tax, and it was the practice to return these to the licensee for acceptance and in some cases licensee held them for a considerable period before again returning them.

Instructions have been issued to the Collector that these cheques are to be presented to the banks on which drawn, for acceptance, and not returned to the licensees. (See copy of letter attached addressed to the Collector) No. 2.

Licenses: Cancellation of.

It was found that sales tax licenses were being cancelled on application by firms without proper investigation and report, and in the past many licenses have been cancelled with consequent loss of revenue on a firm's having written a letter or entry stating that business was being discontinued, and without it being ascertained what stock remained on hand on which no tax had been paid on purchase, or whether or not all taxes owing on sale had been accounted for.

The Collector was written as per attached letter dated February 5th, 1926, marked Exhibit No. 1.

It is very necessary that when a licensee is discontinuing operating under license, the fullest possible investigation be made, and all goods on hand on date of cancellation should be taxed and also the examining officer should ascertain that taxes have been fully accounted for on sales.

The preliminary examination should be made by the Collector's staff, and if he finds that an audit is necessary (which is seldom), the matter should be referred in writing to the Inspector, who in turn, should select the Assistant Inspector to conduct the audit.

Licensees: List of.

On arrival in Montreal I noted that "lists of sales tax licensees as of February 28th, 1925" had not yet been despatched to licensees.

Instructions were immediately given to the Collector of Customs and Excise under date of February 2nd, (marked Exhibit No. 28 in the main report) to despatch these lists at once and these instructions were immediately complied with.

Investigation revealed that many firms in the clothing business in Montreal were allowing their arrears to accumulate and it took constant pressure in order to get them to make returns. A letter was accordingly addressed to the Deputy Minister on March 12th, 1926, to which the Departmental Solicitor replied under date of March 27th, asking that lists of the principal offenders be submitted. This request was complied with in letter to the Deputy Minister dated the 7th April. This file of correspondence is attached hereto marked "Exhibit No. 3".

Job Printers: Their payment of sales tax.

It was found that it was becoming increasingly difficult to obtain payment of sales tax from job printers, as these licensees, led by the examples of the Dominion Press and Thomas B. Bell, who have consistently flaunted the department and defied the department to collect the arrears from them, were in increasingly large numbers, refusing to make payment of tax. A letter was addressed to the Deputy Minister on March 12th, to which the Departmental Solicitor replied on March 27th, as per correspondence attached, marked "Exhibit No. 4."

Evasions of Sales Tax:

On March 15th a letter was addressed to the Deputy Minister concerning licensees in Montreal who had been shown to be evading payment of sales tax. Records had been destroyed; dual records kept; records had been concealed in many cases.

The Deputy Minister replied on March 16th asking that the names of all such firms should be immediately reported to the department. This list was supplied to the Deputy Minister as per letter of March 19th, and all correspondence in connection with this matter is attached marked "Exhibit No. 5."

Co-operation between Assistant Inspectors of Customs and Excise and Income Auditors:

Assistant Inspectors of Customs and Excise frequently find evidence of a licensee having attempted to evade payment of sales tax, resorting to various subterfuges, such as dual sets of books, concealed records, destroyed records, etc. No doubt Income Tax Auditors have similar experiences.

It is my opinion that a closer co-operation and co-ordination should exist between these two branches of the Customs Department, in order that information gleaned by either, should be available to the other.

This would materially assist in protecting the public revenues against dishonest and unscrupulous persons.

In this connection, reference is made to letter to you dated March 15, 1926, advising of findings in a number of cases in Montreal, and to your reply dated March 26, 1926, in the same connection, advising that Income Tax Auditors were being instructed to call on me to obtain fuller information. To date no such call has been received. See "Exhibit No. 6."

Confectioners—System of Collection:

I found that it was the practice of Port officers to call monthly on certain small manufacturing retatilers of candy, and taking their sales tax returns. Instructions have been issued to all concerned that this practice must cease and the firms have been notified that in future their returns must be made at the Customs House each month.

Licensees whose arrears are in lawyers' hands for collection:

There are 454 firms in the Port of Montreal, whose books have been audited and payments are being followed up by the department, and 100 of such cases are in the lawyers hands for collection of arrears.

The processes of collection are in some cases very slow, owing to to the firms inability to pay, or to the department having extended time in which to meet the obligation, and the firm allows current arrears to accumulate, so that when the audit report is cleared off, the firm is again many months in arrears.

This is one very vital reason for the habitually large arrears list at the Port of Montreal, and I strongly recommend that the department insist that where time is given a licenseee in which to pay arrears, the current taxes be promptly paid. These remarks apply even more emphatically to firms who are being sued for tax arrears, as, owing to long court delays, current arrears in longer terms accumulate, I quote one case to illustrate—A. Brodeur, a soft drink manufacturer, was being sued, and over two years arrears accumulated during collection by legal processes, of his previous arrears.

Collection of Arrears by Port staff:

It was found that the department's special memorandum of December 27th, 1922, dealing with the procedure to be followed in the collection of sales tax arrears, was being entirely disregarded.

I strongly recommend that the Collector of Customs at Montreal be instructed by the department to again revert to the procedure therein laid down.

Office accommodation:

The present arrangement of the sales tax ledgers is not conducive to best results, as they are away from the rest of the staff dealing with sales tax.

Ample room can be provided on the second floor with the rest of the staff for these registers, and I recommend that they be moved there, as it will greatly facilitate the work of all branches dealing with tax.

Vaults. If this recommendation is concurred in, it will be necessary to obtain one (1) ordinary Office specialty Company's steel vault to be placed on the second floor, in which to store the sales tax registers, and entries prior to filing.

Shortage of Staff:

May I again direct your attention to shortage of Assistant Inspectors for sales tax in the Port of Montreal. Normally there are five officers assigned to this work. One has long since resigned and his position is still vacant. Another is ill, with little prospect of his ever returning to duty, and in my opinion another officer (six in all) is needed to keep up the work. I would ask that the two appointments asked for, be made as speedily as possible.

I desire in conclusion to add a few words in reference to the Port staff in charge of sales tax.

I have noted that officers are frequently changed from sales tax branch to other parts of the service, for one reason or another, and this branch appears to be asked to supply relief officers frequently to other branches when they are short. This handicaps the branch, and by constantly drawing officers from it, impairs its efficiency, making it very difficult to keep up with the work it is called upon to do.

Respectfully submitted.

(Signed) V. E. Nauman,

Special Inspector.

[Mr. A. M. Kennedy.]

W. S. WILSON, Esq., MONTREAL, February 5, 1926.
Collector of Customs and Excise.
Montreal, P.Q.

SIR,—In connection with the cancellation of sales tax license, it is noted that licenses are being cancelled in the Port of Montreal at the request of, and upon receipt of information from persons who visit the Port's office on behalf of the concerns with whom they are identified, and in some cases, without investigation being made by officers of your staff.

Will you kindly, in future, issue such instructions as may be necessary to the members of your staff concerned, that sales tax licenses are only to be cancelled on authority of the department, and after investigation has been made at the premises of licensee by an officer of the Port's staff qualified to do this work.

I have the honour to be, Sir,
Your obedient servant,
Acting chief inspector, Customs and Excise.

EXHIBIT No. 2

INSPECTION, May 7, 1926.

Collector of Customs and Excise,
Montreal, Que.

SIRS,—During the inspection of your Port, it was found that non-certified cheques were being received in payment of sales tax in some instances and these were frequently returned to licensee when his entries were incomplete or required adjustment of one sort or another.

Verbal instructions were given to Mr. Jessiman that in future these cheques must be held, pending the return or adjustment of entries, and where cheques are not certified, they are to be sent to the bank direct and not to the licensees.

The only reason for a cheque for sales or excise tax being returned to the licensees is in cases where a signature is lacking or where a cheque is incorrectly drawn.

I have the honour to be, Sir,
Acting Chief Inspector.

EXHIBIT No. 3

(Attention Departmental Solicitor)

The DEPUTY MINISTER,
Customs and Excise, Ottawa, Ont.

SIRS,—In answer to your letter of March 27th, re a number of Jewish manufacturers in the city of Montreal who are continually delinquent, I submit below a list showing license numbers, names, addresses, number of audits and last month's taxes paid in each case. You will understand that every effort has been made by the Port's staff to keep these firms paid up to date, but they continually remain in arrears:

License Number	Name	Address	Number of audits	Last month paid
1950	Acme Hat Company	6 St. Helen St	5	October.
5696	Bishinsky Bros	425 Phillips Sq	6	August.
1324	Gordon Mnfg. Co	282 St. Catherine W	6	September.
427	Imperial Hat Mnfg. Co	12 St. Helen St	7	October.
3411	Mayper, Morris S	282 St. Catherine	3	September.
2708	Pacific Cap Co	356 St. Lawrence Bl	3	October.
1634	Tip Top Mnfg. Co	1435 Bleury St	3	October.
2525	Winstan J. (Caps)	239 St. Lawrence	2	November.
1478	Yale Bedding Co	290 Suy St	3	November.
713	Wexler Costume Co	2828 St. Catherine West	6	October.

The following firms are even worse offenders than those mentioned above; they are audited to the dates shown in each case, but have not paid their current arrears since the date of audit. If the Department would approve legal action against these firms, for failure to pay their current taxes, it would assist materially in having these firms pay attention to their indebtedness. You will notice that seven audits have been conducted on three of the firms and eight on the fourth, in an effort to keep them up to date.

License Number	Name	Address	Number of audits	Audited to
730.....	Greenberg Smith Co.....	282 St. Catherine West....	7	Oct. 31, 1925.
5576.....	Lion Cap Co.....	324 Notre Dame W.....	8	Oct. 31, 1925.
653.....	New York Hat Mfg. Co....	37 Victoria Square.....	7	Sept. 30, 1925.
3692.....	Schrier & Spector.....	46 St. Alexander.....	7	Oct. 31, 1925.

License No. 326, University Clothes Ltd., 425 Phillips Square has been audited nine times, the last to December 31, 1925. January tax has been paid, but February is still outstanding. Might action be instituted please for failure to pay February tax within the prescribed period.

I have the honour to be, Sir,
Your obedient servant,
Acting Chief Inspector, Customs and Excise."

WITNESS: Might I interject, Mr. Calder, to say that these firms, Mr. Calder, have had action taken against them.

Hon. Mr. STEVENS: Since this report?

By Mr. Calder, K.C.:

Q. Since that letter?—A. Yes.

Q. Was action instituted immediately?—A. It was passed to the legal branch at once, and action has been taken, I think, without exception, and these firms have been penalized.

Mr. CALDER, K.C.: I think that is clear, from the following letter. (Reads):

"DEPARTMENT OF CUSTOMS AND EXCISE
Inspection
OTTAWA, 27th March, 1926.

A. M. KENNEDY, Esq.,
Acting Chief Inspector,
Customs-Excise,
Montreal, Que.

SIR,—The Department is in receipt of your letter of the 12th instant, regarding Jewish manufacturers of garments, in the port of Montreal, contents of which have been noted.

I have been instructed by the Deputy Minister to state that the action suggested by you is approved of. You are, therefore, requested to submit a number of names of the principal offenders who have been persistently delinquent, for a number of years. When these have been received, they will be submitted to the Deputy Minister for instructions to enter legal action for recovery of the penalty provided by Section 19-D of the Act for neglect or refusal to pay the sales tax.

I remain, sir,
Your obedient servant,
(Sgd.) NOEL CHASSE,
Per S.
Departmental solicitor, for Deputy Minister."

" MONTREAL, March 12th, 1926.

The DEPUTY MINISTER,
Customs and Excise,
Ottawa, Ont.

SIR:—I bring to your attention, please, the difficulty being experienced in the Port of Montreal in connection with the collection of arrears.

I find that it has been the habit of many firms, most particularly Jewish manufacturers of garments, to allow their arrears to accumulate until such time as an assistant inspector visits them. They then suggest payments by instalments, claiming their inability to pay their total indebtedness and the department has in most cases accepted their proposals. They continue to pay by instalments for several months and during such time they allow their current arrears to accumulate notwithstanding the department's instructions to the contrary, the result being that when their arrears are paid up as per the audit, they have again become five or six months in arrears.

This condition is most acute here, and one which I feel should receive the immediate attention of the department, as, not only has the department lost a great deal of revenue by failures of firms who are continually in arrears, but they also are financing their business on money which is properly the property of the Crown.

I suggest, as a remedy, that I be allowed to select a number of the principal offenders who have been persistently delinquent for a period of years, reporting them to you without an audit and that action be taken under Section 19-D of the Act, which provides a penalty for every person who " Neglects or refuses to pay any tax."

Unless such drastic action is instituted in this Port, and owing to its heavy Jewish population of manufacturers, the condition will not be any better. The action may result in forcing some of these manufacturers out of business, but it will be the very best means possible of assisting in the collection of arrears in this Port.

I have the honour to be,
Sir,
Your obedient servant,

Acting Chief Inspector, Customs and Excise."

EXHIBIT No. 4

"DEPARTMENT OF CUSTOMS AND EXCISE
Inspection

OTTAWA, 27th March, 1926.

A. M. KENNEDY, Esq.,
Acting Chief Inspector,
Customs and Excise,
Montreal, Quebec.

SIR,—The Department is in receipt of your letter of the 12th instant, with regard to claims for sales tax against the Dominion Press and Thomas V. Bell, contents of which have been noted.

I am instructed by the Deputy Minister to advise that the test case against printers is to be heard on April 15th, and while legal action has been taken against the two firms above mentioned, same has been deferred pending the outcome of the test case. As soon as judgment is

obtained, should it be in favour of the Department, steps will be taken immediately to obtain payment from the above firms in addition to all other printers whose cases are similar to the case against Delphis Charest.

I have the honour to be, Sir,

Your obedient servant,

(Sdg.) NOEL CHASSE,
Departmental Solicitor,
for Deputy Minister,
per S."

"MONTREAL, March 12, 1926.

The DEPUTY MINISTER,
Customs and Excise,
Ottawa, Ontario.

SIR,—Dominion Press Co. as job printers, owe $3,684.20 sales tax to 31st October, 1924. They have paid no current taxes since that date.

Thos V. Bell, owes $7,010.59 to the same date and all current taxes are also in arrears.

These two job printers are among the largest in the city of Montreal, and have persistently defied the Department to effect collection of the taxes due. I understand that they have written to the Department inviting legal action which was taken against them, but was later withdrawn, in order to take a test case against Delphis Charest.

Messrs. the Dominion Press and Thos. V. Bell have and still are counselling other job printers to follow their example; the result being, that it is becoming increasingly difficult to collect sales tax from the printers in Montreal, because of the stand taken by two of the principal firms concerned. Job printers in Montreal, in increasing numbers, are refusing to pay the tax and the arrears list is growing accordingly.

I bring this matter to your attention, in order that some assistance may be given by the Department, in either having the Charest case decided as quickly as possible, or taking action against the many printers who are now refusing to pay.

I have the honour to be, Sir,

Your obedient servant,

Acting Chief Inspector,
Customs and Excise."

EXHIBIT No. 5

"DEPARTMENT OF CUSTOMS AND EXCISE

File No. B-2429-31-5.

MARCH, 26th, 1926.

A. M. KENNEDY, Esq.,
Acting Chief Inspector of Customs and Excise,
Montreal, Quebec.

SIR,—I beg to acknowledge the receipt of your letter of the 19th instant, enclosing a list of firms whose Sales Tax transactions have been audited to date, and in respect of which irregularities have been discovered rendering certain persons liable to penalties for failure to keep proper records or for destroying or concealing records.

Your report is being submitted for the information of the Honourable the Minister of Customs and Excise, so that proceedings for penalties, etc., may be instituted.

I have the honour to be,
Sir,
Your obedient servant,
(Signed) R. R. FARROW,
Deputy Minister."

[Mr. A. M. Kennedy.]

"MONTREAL, March 19th, 1926.

The DEPUTY MINISTER,
Customs and Excise,
Ottawa, Ont.

SIR,—Answering your letter of March 16th, I am enclosing herewith a list of firms which have been audited to date, where irregularities have been discovered, rendering them liable to penalties for failure to keep proper records, or for destroying or concealing records.

The audit reports on each of the companies concerned are already in the Department.

There is no doubt that the companies mentioned on the accompanying list deliberately and with intent were evading payment of sales tax, and the irregularities mentioned therein cover: concealed records, deliberate underpayments, destroyed records, etc., but do not include ordinary arrears or unintentional errors.

The whole is submitted to you, and it is hoped that, in order to deter these practices among licensees, action will be instituted for penalties as provided by the Act.

I have the honour to be, Sir,
Your obedient servant,
Acting Chief Inspector, Customs and Excise."

"DEPARTMENT OF CUSTOMS AND EXCISE

OTTAWA, March 16, 1926.

A. M. KENNEDY, Esq.,
Acting Chief Inspector of Customs and Excise,
Montreal, Quebec.

SIR,—I beg to acknowledge receipt of your letter of the 15th instant, reporting that your investigation of sales tax matters at the port of Montreal has revealed many cases of firms who have failed to keep proper records, and note that in some instances the records have been destroyed and that in other cases there are concealed records which only an investigation of the minutest kind will reveal.

You are instructed to report all of such cases to the Department without delay, so that the question of taking action for penalties for failure to keep proper records may be dealt with at the earliest possible date.

I have the honour to be, Sir,
Your obedient servant,
(Signed) R. R. FARROW,
Deputy Minister."

"MONTREAL, March 15, 1926.

The DEPUTY MINISTER,
Customs and Excise,
Ottawa, Ont.

SIR,—My investigation re sales tax in the Port of Montreal has revealed many cases of firms who have failed to keep proper records. Some of these records have been destroyed, lost, burnt, or, for one reason or another, are not produced, firms claiming that they are unable to supply them, or others who have deliberately kept dual records, have concealed records which only an investigation of the minutest kind will reveal. Of the latter number, Jewish clothing firms are the chief offenders,

and I am prepared to furnish you with a list of a number of firms which have been reported on by Officers here and where the reports are now at the Department.

It is my opinion that in some of the more glaring cases, immediate action should be taken for penalties for failure to keep proper records, as provided for in the Act. This would, in my opinion, place a premium on the falsification of books, dual sets of books, destruction of records, etc., which appears to be prevalent here.

I have the honour to be, Sir,
Your obedient servant,
Acting Chief Inspector, Customs and Excise."

A. M. KENNEDY, Esq., "MONTREAL, March 19, 1926.
Acting Chief Inspector,
Customs and Excise, Montreal, Que.

SIR,—Appended, please find data on fourteen concerns in whose records irregularities have been discovered. Irregularities cover concealed records, deliberate underpayments, destroyed records, etc. These are not cases of ordinary arrears or unintentional errors.

I have the honour to be, Sir,
Your obedient servant,
(Sgd.) J. L. WILKIE,
Assistant Inspector,
Customs and Excise.

JLW.
Enc."

"ATLANTIC CLOTHING MFG. CO.,
771 St. Lawrence Boulevard,
Montreal.
License No. 2758—My. Report No. 274 to Dec. 31, 1925—$702.18.

No detailed recapitulations of tax available, Construction of same by me revealed irregular and underpayments. Additional record found in desk drawer shows transactions amounting to $7,231.50—No tax paid, though charged on one transaction; these additional transactions all in 1925.

D. AND W. DRESS COMPANY,
2050 Bleury Street,
Montreal.
License No. 6021—My report No. 285 Dec. 31, 1925—$2,032.20

Records from August 1, 1925, presented, examined and found in order. Claimed that all prior records destroyed, as dissolution of firm was contemplated. Combined cash book and ledger was located in filing cabinet. Examination of this record shows tax underpaid to amount of $1,965.40. Search of office and show room failed to disclose further records.

L. GLICKMAN & COMPANY,
149 St. Catherine Street East,
Montreal.
License No. 4280—My report No. 286, Jan. 31, 1926—$693.50

In addition to regular records an additional sales book was found in safe; sales herein date from September 30, 1923, none being posted

to regular sales journal or ledger accounts. Glickman produced additional sales journal and ledger showing sales which had not accounted for sales tax. A number of these sales were for cash.

DEUTSCH BROS.
1602 St. Lawrence Blvd.
Montreal.
License No. 2276—My report No. 290 to 31st Jan., 1926—$7,052.28.

On requesting records S. Deutsch, partner, produced a file of invoices and credit memoranda for 1925, stating that these were the only records maintained. Check showed that tax was underpaid. Examination of safe revealed an additional file of invoices covering transactions with Dressners Limited, Halifax. Examination of desk produced cash book 1919 to 31st May, 1923. Deutsch admitted that no attempt had been made to account for tax properly, and that returns made were random figures only.

KRAFT GARMENT COMPANY,
1196 Cadieux Street,
Montreal.
License No 5837—My report No. 291 to Dec. 31, 1925—$486.76.

On taking out recapitulation of tax from sales books, found tax underpaid. Sales made at 'tax included' prices; admitted by J. Millstock, partner, that no tax thus absorbed had been accounted for.

PROVINCIAL CLOTHING MFG. CO.,
1197 St. Lawrence Blvd.,
Montreal.
License No 1617—My report No 296 to Dec. 31st, 1925—$7,641.19.

Regular records presented found in order. Examination of cash book revealed items not shown in regular records. Tracing these and insisting on production of original entries, revealed additional sales books and ledgers showing sales on which no tax had been paid. These additional records in desk drawer and in boxes in factory. Concealed records and evasion of tax admitted.

J. P. Walsh, Barrister, instructed to take action by Department, Vide file LB 2076—March 12th, 1926.

IMPERIAL CLOAK AND DRESS MFG. CO.,
922 St. Lawrence Blvd.,
Montreal.
License No. 3151—My report No. 301 to 31st Dec. 1925—$409.22.

No general ledger or control accounts. Sales books presented indicate pages missing; sales books for certain periods missing. Examination of available records shows tax underpaid. Tax admitted as underpaid.

FASHION PLATE VEST MFG. CO.,
1913 St. Lawrence Blvd.,
Montreal.
License No 5409—My report No 305 to 31 Jan. 1926—$1,292.36.

Examination of records shows tax properly applied and recorded but sworn returns to Department show tax underpaid.

ROYALTY HAT AND CAP,
155 St. Lawrence Blvd.,
Montreal.
License No 5401—My report No 306 to 31 Dec. 1925—$116.18.

Examination of records shows tax underpaid to 30th April, 1925, and no payments made from 1st May, 1925. S. Pollock, managing, states

that he hoped tax would be removed and that he might 'get away with it'. Very solicitous that I make no report on underpayments.

LECKER & ROSENBAUM,
707 St. Lawrence Blvd.,
Montreal.

License No. 5752—My report No. 310 to 31 Jan. 1926—$109.04

Examination of records indicate underpayments to 31st Dec., 1925, amounting to $87.94, for which no explanation was forthcoming. Lecker, partner, suggested personal settlement with me for $25.00."

There is, written in ink, a notation "(Declined)" meaning that the offer of $25.00 was declined.

"A. KERMAN,
1330 St. Lawrence Blvd.,
Montreal.

License No. 3245—My report No. 315 to 31. Jan., 1926—$3,821.24.

Records incomplete. Reconstruction of tax reveals consistent and deliberate under payment. Admitted by Kerman.

PERFECT DRESS COMPANY,
883 City Hall Avenue,
Montreal.

License No. 2936—My report No. 354 to 28th Feby., 1926—$2,897.92.

Records incomplete. Reconstruction of tax reveals consistent and deliberate underpayment. Admitted by firm.

PRINCIPAL PANTS MFG.,
805 St. Lawrence Blvd.,
Montreal.

License No. 6525—My report No. 355 to 28 Feb., 1926—$622.06.

Examination of records reveals consistent underpayment of tax. Present of $25.00 cash and later $50.00 tendered me. Also suggested that I decrease my assessment to $300 or $350. Firm anxious that report be not made."

There is, written in ink, a notation 'Presents' declined."

"MILLER BROS.,
930 St. Lawrence Blvd.,
Montreal.

License No. 1296—My report No. 365 to 28 Feb., 1926—$2,902.99.

Examination of 1924 records revealed deliberate underpayments. Records produced for 1925 were in order, but incomplete. Supplementary records for 1925 covering sales on which tax had not been paid claimed to have been destroyed. Deliberate evasion.

M. MOIDEL, Hampstead Trading Co. Ltd.,
425 Phillips Square,
Montreal.

Destroyed records. Vide joint letter J.L.W. and V.C.N. to Chief Inspector, January 28th, 1926.
Montreal, March 19th, 1926."

EXHIBIT No. 6

"Inspection.
MAY 7, 1926.

To the DEPUTY MINISTER,
Department of Customs and Excise,
Ottawa, Ont.

SIR,—Having reference to your letter of March 26th, file B-2429/31/5, wherein you advised that two auditors of the Income Tax Branch would call on me during the week following, I beg to report that to the close of business on May 6th I have not seen nor communicated with any officers from the Income Tax Branch in connection with this matter.

I have the honour to be,
Sir,
Your obedient servant,
Acting Chief Inspector.

N.MM."

"Copy

DEPARTMENT OF CUSTOMS AND EXCISE

File No. B-2429-31-5.
OTTAWA, March 26th, 1926.

A. M. KENNEDY, Esq.,
Acting Chief Inspector of Customs and Excise,
Montreal, Quebec.

SIR,—I beg to acknowledge receipt of copy of your letter of the 19th instant to Mr. Breadner, Commissioner of Taxation, respecting firms in Montreal which our Officers found to be keeping dual sets of books, etc.

I telephoned Mr. Breadner regarding this matter, and he asked me to let you know that two of his Auditors will call upon you in Montreal early next week, and when they do so you are to give them all necessary information in your possession to enable them to determine if payments of Income Taxes have been evaded.

I have the honour to be,
Sir,
Your obedient servant,
(Signed) R. R. FARROW,
Deputy Minister."

"Copy

MONTREAL, March 19th, 1926.

R. W. BREADNER, Esq.,
Commissioner of Taxation,
Ottawa, Ont.

SIR,—On the 15th instant, I addressed a letter to the Deputy Minister of Customs and Excise, concerning firms in the City of Montreal, whom Inspectors and Auditors on sales tax work had found to be keeping dual sets of books, or where records had been destroyed or concealed.

I am instructed by the Deputy Minister to forward a copy of a list of such firms to you for your information and you will find the same enclosed.

I shall be grateful if you will kindly acknowledge receipt.

I have the honour to be,
Sir,
Your obedient servant,
Acting Chief Inspector, Customs and Excise."

"Copy

DEPARTMENT OF CUSTOMS AND EXCISE,
OTTAWA, March 16, 1926.

A. M. KENNEDY, Esq.,
Acting Chief Inspector of Customs & Excise,
Montreal, Que.

SIRS,—I beg to acknowledge receipt of your letter of the 15th instant, respecting information obtained by Assistant Inspectors of this Department as to the keeping of dual records by a number of clothing manufacturers in Montreal.

Please furnish this information to Mr. R. W. Breadner, Commissioner of Taxation, Ottawa, to whom I am forwarding a copy of your letter to me.

I have the honour to be, Sir,
Your obedient servant,
(Signed) R. R. FARROW,
Deputy Minister."

By Mr. Calder, K.C.:

Q. Then follows the letter of March 15, 1926, which is another reversed file? —A. That is just a copy attached to my letter of the letter written to the Department.

Mr. CALDER, K.C. (Reading): *"Copy*

MONTREAL, March 15, 1926.

The DEPUTY MINISTER,
Customs and Excise,
Ottawa, Ont.

SIRS,—I am writing you to-day concerning dual records kept by a number of Jewish clothing manufacturers in Montreal, and desire your instructions, please, as to whether you wish the information which Assistant Inspectors have obtained in these cases handed over to the Income Tax Branch of this Department, in order that their Inspectors may have knowledge of the firms concerned.

If you desire this to be done, will you please indicate whether you desire me to furnish the list of the firms concerned to the Department direct, or whether I shall pass it to the Inspector of Taxation here?

I have the honour to be, Sir,
Your obedient servant,
Acting Chief Inspector, Customs and Excise."

By Mr. Calder, K.C.:

Q. Does that mean that the whole thing is in suspense, under re-examination?—A. No, they have since called upon me, and have been given the information.

Q. And are satisfied?—A. I believe they are. We have finished our investigation of these firms. The Income Tax Department was investigating them, at the time.

Q. It was the sales tax you were looking at?—A. Yes.

K—16 Amended, 1924.

R. R. FARROW, Esq.,
Commissioner of Customs and Excise,
Ottawa, Ont.

SIRS—Hereto annexed please find my report of Inspection of the Port of Montreal, Quebec, for the period from 5th March, 1925, to 13th January, 1926.

I have the honour to be, Sir,
Your obedient servant,
(Signed) A. W. KENNEDY,
Inspector of Customs and Excise.

Dated at Montreal, Quebec, May 6th, 1926.

K. 16.—Special for Audit purpose.

Report of Customs Revenue Audit at the Port of Montreal, Quebec, for the period from March 1925, to January 13th, 1926, made by Inspector A. M. Kennedy:

1. Money on hand at the close of business on the 13th day of January 1926, with details of cheques and other representatives of money. Total, $238,675.45.

For details see attached sheet.

2. Amount in Bank to credit of Collector, for Departmental Advances, on Collector's Permissions, or other matters in suspense, with details. Total, $35,550.12.

For details see attached sheet.

3. Amount in Bank to credit of Collector, Revenue Account. Total, $3,503.70.

For details see attached sheet.

4. Amount remitted to Receiver General since the last Account Current. Detail amounts on the several accounts. Total, $1,851,468.32.

For details see attached sheet.

5. Amount of authorized Contingencies, Refunds, Drawbacks, &c., paid from Department Advances and Special Cheques since the last day of the past month. Total, $22,831.04.

For details see attached sheet.

6. Total of Nos. 1, 2, 3, 4 and 5, $2,152,028.63.

By Mr. Calder, K.C.:

Q. There is a typewritten page annexed to page 1?—A. There was not room on the printed page to give all the details. The same thing applies to the typewritten page annexed to page 2.

" To attach to K-16 Special for Audit Question

1. Bills	$ 13,354 00		
Silver	6 60		
Copper	37		
Cheques	225,314 48		
		$ 238,675 45	
2. Balance Contingent advance	7,111 85		
Balance Overtime	12 50		
Balance Excise Seizures	27,234 00		
		34,358 35	
Balance Tourists' Deposits	68 47		
Balance Travellers' Samples	618 30		
Change to Cashiers	405 00		
		1,091 77	
3. Account Express Branch	2,141 02		
Account Postal Branch	1,362 68		
		3,503 70	
4. Account Import Duty	644,248 23		
Account Sales Tax (Imp.)	73,951 82		
Account Excise Tax (Imp.)	2,085 79		
Account Excise Tax, Domestic	518,450 81		
Account Excise Duties	569,464 81		
Account Factory and Warehouse Fees	2,892 50		
Account Overtime	506 30		
Account Income Tax	37,789 05		
Account Storage Charges	1,311 67		
Account Tobacco Stamping	50		
Account Cartage	732 44		
Account Customs Seizures	4 00		
Account Excise Tax Fines and Penalties	30 00		
Account Casual Revenue	40		
		1,851,468 32	

5. Amount paid Contingencies	528 75	
Amount paid Customs Refunds	16,657 35	
Amount paid Customs Drawbacks	5,152 65	
Amount paid Collectors' Permissions	347 90	
Amount paid Travellers' Samples	144 39	
		22,831 04
6. Totals 1, 2, 3, 4 and 5		$2,152,028 63

7. Amounts collected on the several Revenue Accounts in detail since the last day of the past month, and the number of the last duty paid entry included. Total, $2,093,659.97.

For details see attached sheet.

8. Balance of Departmental Advances and Special Cheques unexpended at the end of last month. Total, $35,035.31.

For details see attached sheet.

9. Amount of Departmental Advances; also amount received from the department for specific purposes, and amounts received on Collector's Permissions or other matters in suspense since the end of last month, in detail. Total, $23,345.85.

For details see attached sheet.

10. Total of Nos. 7, 8 and 9, $2,152,028.63.

NOTE.—If Nos. 6 and 10 do not balance, explain discrepancy.

11. Are reports of transactions and remittances of money collections made to the Collector by Sub-Collectors without unnecessary delay? Yes.

12. Are the details of the reports from outports entered in the Register of Outport Collections and the remittances from outports taken to account on the day received? Yes.

13. Are all collections entered in the Cash Book immediately upon their receipt? Yes.

14. How often are the deposits of money collections made with the bank, and how often remitted to the Receiver General? Deposits are made once daily and remittances once daily.

15. Is the Revenue Cash Book properly kept and balanced daily and monthly? Yes.

Questions

7. Account Import Duty	$ 712,125 24	
Account Sales Tax (Imports)	81,785 56	
Account Excise Tax	2,460 03	
Account Excise Tax (Domestic)	599,873 50	
Account Excise Duties	649,112 02	
Account Factory and Warehouse Fees	2,962 50	
Account Overtime Services	639 80	
Account Storage Charges	1,331 57	
Account Tobacco Stamping	1 60	
Account Cartage	817 56	
Account Customs Seizures	4 00	
Account Excise Fines and Penalties	30 00	
Account Casual Revenue	40	
Account Express Branch	2,141 02	
Account Postal Parcels Branch	1,362 68	
Account Income Tax	38,999 99	
		$2,093,659 97
Last Entry Numbers Plain 48557: "A" 43,668: "C" 28,861: "E" 36317: "H" 46,416: Excise Tax 21,147: Excise Duty 17,321.		
8. Balance Account Contingencies	4,860 60	
Balance Account Customs Refunds	1,782 12	
Balance Collectors Permissions	27,124 90	
Balance Tourists Deposits	144 39	
Balance Travellers Samples	618 30	
Change to Cashiers	405 00	
		35,035 31

9. Account Contingencies	2,780 00	
Account Customs Refunds	14,875 23	
Account Customs Drawbacks	5,152 65	
Account Overtime	12 50	
Account Collectors Permissions	457 00	
Account Tourists Deposits	68 47	
		23,345 85
Total 7, 8 and 9		$2,152,028 63

16. Does the Collector make deposit of all cheques from the Department immediately upon their receipt, and does he make all disbursements of the proceeds of such Departmental cheques by his official cheque, as required by regulation? The Collector makes deposit of all cheques from the Department immediately upon their receipt, and makes disbursements of the proceeds of such Departmental cheques by his own official cheques as required by regulations.

17. Does the Collector retain in his hands any public moneys at the time of making deposits in the Bank? Not that I am able to ascertain.

18. Are the money collections ever used for payment of salaries or other expenditures, or for the Collector's private purposes? Not that I am able to ascertain.

21. Is the Special Cash Book balanced monthly? Are entries of disbursements made when payments are made and are properly receipted vouchers forwarded to the Department and duplicates kept on file? The Special Cash Book is balanced monthly. Entries of disbursements are made when payments are made, properly receipted vouchers are forwarded the Department and duplicates are kept on file at the Port.

53. State the number of Bonded Warehouses of each Class and the number of Lockers employed. 44 of Class 2: 28 of Class 3: 8 Coal: 2 Sufferance: 150 Factories. 81 Examiners are employed.

54. Are charges for Warehousing privileges properly made and promptly collected from the proprietors of the several bonded warehouses as prescribed by law and regulation? Yes.

57. Is an inventory of all the goods in warehouses made and compared with the record as shown by the warehouse ledgers at stated periods? Is stock taken and found correct? Yes, quarterly. Stock has been taken and found correct.

66½. Have you examined Manifests received and how found? Yes, and found correct.

67. What disposition is made of unclaimed goods? Is unclaimed list examined and how found? Held for six months in King's warehouse and if still uncleared sold by public auction under authority of Section 28 of the Customs Act. Unclaimed List examined and found correct.

REMARKS

(This Report to be *signed* by the Inspector at the conclusion of his "remarks" below. State herein whether the moneys received by the Customs Officers have been properly accounted for, and if the accounting is not satisfactory, state what is irregular.)

All moneys received by Customs Excise Officers at the Port of Montreal have been properly accounted for with the exception of certain moneys collected by Officer G. P. Cassidy at Windsor Station on goods contained in baggage, which has been the subject of a special report to the Department by Mr. Inspector R. P. Clerk.

(Signed) A. M. KENNEDY,
Inspector.

MONTREAL, May 6th, 1926.

[Mr. A. M. Kennedy.]

K-16 Amended, 1924.

REPORT of examination of the Customs and Excise business at the Port of Montreal, Que. Grade No. 7 for the period from March 5th, 1925, to January 13th 1926, made by Inspector A. M. Kennedy.

1. Money on hand at the close of business on the 13th day of January, 1926, with details of cheques and other representatives of money.

Bills	$ 13,354 00	
Gold		
Silver	6 60	
Copper	37	
Cheques	225,314 48	
		$238,675 45

Customs Series—	*Last Entry number*
Plain	48557
"A"	43668
"C"	28861
"E"	36317
"H"	46416

Excise Series—	*Last Entry Number*
Excise Tax	21147
Excise Duty	17321

	Collections
Customs Import Duty	$ 67,877 41
Sales Tax on Imports	7,833 74
Excise Tax on Imports	374 24
Excise Tax (Domestic Goods)	81,422 69
Excise Duty	79,647 21
Bonded Factory and Warehouse Fees	70 00
Extra or Overtime Services	133 50
Sale of Unclaimed Goods	
Storage Charges	19 90
Tobacco Stamping	1 10
Cartage	85 12
Customs Seizures	
Excise Seizures	
Excise Tax—Fines and Penalties	
Refund Special Services	
Income Tax	1,210 94
Total	$ 238,675 45

2. Amount in Bank to credit of collector for Departmental Advances, on Collector's Permissions or other matters in suspense with details.

Balance Contingent Advance	$ 7,111 85
Departmental Advance Account Refunds (Customs)	
Departmental Advance Account Refunds (Excise)	
Departmental Advance Account Drawbacks (Customs)	
Departmental Advance Account Drawbacks (Excise)	
Departmental Advance Account Salaries	
Departmental Advance Account Bonus	
Departmental Advance Account Overtime	12 50
Departmental Advance Account Seizures (Customs)	
Departmental Advance Account Seizures (Excise)	
Balance Account Collector's Permissions	27,234 00
Balance Account Tourists' Deposit	68 47
Balance Account Travellers' Samples	618 30
Amount Advanced Cashier Plain Series	25 00
Amount Advanced Cashier "A" Series	25 00
Amount Advanced Cashier "C" Series	25 00
Amount Advanced Cashier "E" Series	25 00

Amount Advanced Cashier "H" Series..			
Amount Advanced Cashier Excise Duty..	25 00		
Amount Advanced Cashier Excise Tax..	25 00		
Amount Advanced Cashier 5 Express..	125 00		
Amount Advanced Cashier mail and stationery..	25 00		
Amount Advanced Cashier King's warehouse.. ..	25 00		
Amount Advanced Cashier 3 Postal..	110 00		
Amount Advanced Cashier Postal Stamp Branch	20 00		
Amount Advanced W. Beriault—Excise Tax Branch..	25 00	$	35,550 12
3. Amount in Bank to credit of Collector Revenue Account.			
Account Import Duty..			
Account Sales Tax on Imports..			
Account Excise Tax on Imports..			
Account Excise Tax (Domestic Goods)..			
Account Excise Duty..			
Account Bonded Factory and Warehouse Fees..			
Account Extra or Overtime Services..			
Account Sale of Unclaimed Goods..			
Account Storage Charges..			
Account Tobacco Stamping..			
Account Cartage..			
Account Seizures (Customs)..			
Account Seizures (Excise)..			
Account Excise Tax—Fines and Penalties..			
Account Refund Special Services..			
Account Casual Revenue..			
Account.....Express Branch..	2,141 02		
Account.....Express Branch..			
Account.....Express Branch..			
Account.....Postal Branch..	1,368 68		
Account.....Postal Branch..		$	3,503 70
4. Amount remitted to Received General since the last Account Current. Detail amounts on the several Accounts.			
Account Import Duty..	$644,248 23		
Account Sales Tax on Imports..	73,951 82		
Account Excise Tax on Imports..	2,085 79		
Account Excise Tax (Domestic Goods)..	518,450 81		
Account Excise Duty..	569,464 81		
Account Bonded Factory and Warehouse Fees..	2,892 50		
Account Extra or Overtime Services..	506 30		
Account Sale of Income Tax..	37,789 05		
Account Storage Charges..	1,311 67		
Account Tobacco Stamping..	50		
Account Cartage..	732 44		
Account Seizures (Customs)..	4 00		
Account Seizures (Excise)..			
Account Excise Tax—Fines and Penalties..	30 00		
Account Refund Special Services..			
Account Casual Revenue..	40	$1,851,468 32	
5. Amount of Authorized Contingencies, Refunds, Drawbacks, etc., paid from Departmental Advances, and Special Cheques, since the last day of the past month.			
Amount paid on Account Contingencies.. .. ..$	528 75		
Amount paid on Account Refunds (Customs)..	16,657 35		
Amount paid on Account Refunds (Excise).. ..			
Amount paid on Account Drawbacks (Customs).	5,152 65		
Amount paid on Account Drawbacks (Excise)			
Amount paid on Account Salaries..			
Amount paid on Account Bonus..			
Amount paid on Account Overtime..			
Amount paid on Account Seizures (Customs)..			
Amount paid on Account Seizures (Excise)..			
Amount paid on Account Collector's Permission..	347 90		
Amount paid on Account Tourists' Deposits..	144 39		
Amount paid on Account Travellers' Samples..			
		$	22,831 04

6. Total of Nos. 1, 2, 3, 4 and 5		$2,152,028 63
7. Amount collected on the several Revenue Accounts, in detail, since the last day of the past month, and the numbers of the last Entries included:—		
Account Import Duty	$ 712,125 24	
Account Sales Tax on Imports	81,785 56	
Account Excise Tax on Imports	2,460 03	
Account Excise Tax (Domestic Goods)	599,873 50	
Account Excise Duty	649,112 02	
Account Bonded Factory and Warehouse Fees	2,962 50	
Account Extra or Overtime Service	639 80	
Account Sale of Unclaimed Goods		
Account Storage Charges	1,331 57	
Account Tobacco Stamping	1 60	
Account Cartage	817 56	
Account Seizures (Customs)	4 00	
Account Seizures (Excise)		
Account Excise Tax—Fines and Penalties	30 00	
Account Refund Special Services		
Account Casual Revenue	40	
Account Express	2,141 02	
Account Express		
Account Express		
Account Postal Parcels	1,362 68	
Account Income Tax	38,999 99	
		$2,093,659 97
Last Entry Numbers—		
Plain Series	48557	
"A" Series	43668	
"C" Series	28861	
"E" Series	36317	
"H" Series	46416	
Excise Tax	21147	
Excise Duty	17321	
8. Balance of Departmental Advances and Special Cheques unexpended at the end of the last month.		
Balance Account Contingencies	4,860 60	
Balance Account Refunds (Customs)	1,782 12	
Balance Account Refunds (Excise)		
Balance Account Drawbacks (Customs)		
Balance Account Drawbacks (Excise)		
Balance Account Salaries		
Balance Account Bonus		
Balance Account Overtime		
Balance Account Seizures (Customs)		
Balance Account Seizures (Excise)		
Balance Account Collector's Permissions	27,124 90	
Balance Account Tourists' Deposits	144 39	
Balance Account Travellers' Samples	618 30	
Amount Advanced Cashier Plain Series	25 00	
Amount Advanced Cashier "A" Series	25 00	
Amount Advanced Cashier "C" Series	25 00	
Amount Advanced Cashier "E" Series	25 00	
Amount Advanced Cashier "H" Series	25 00	
Amount Advanced Cashier Excise Duty	25 00	
Amount Advanced Cashier Excise Tax	25 00	
Amount Advanced Cashier Express (5 cashiers)	125 00	
Amount Advanced Cashier Mail & Stationery	25 00	
Amount Advanced Cashier King's Warehouse	25 00	
Amount Advanced Cashier Postal Parcels (3 cashiers)	110 00	
Amount Advanced Cashier Stamp Branch	20 00	
Amount Advanced W. Berialt—Excise Tax Branch	25 00	
		$ 35,035 31

9. Amount of Departmental Advances, also amount received from the Department for Specific purposes, and amount received on Collector's Permissions or other matters in suspense, since the end of last month, in detail.

Amount Received from Department Account Contingencies	2,780 00	
Amount Received from Department Account Refunds (Customs)	14,875 23	
Amount Received from Department Account Refunds (Excise)		
Amount Received from Department Account Drawbacks (Customs)	5,152 65	
Amount Received from Department Account Drawbacks (Excise)		
Amount Received from Department Account Salaries		
Amount Received from Department Account Bonus		
Amount Received from Department Account Overtime	12 50	
Amount Received from Department Account Seizures (Customs)		
Amount Received from Department Account Seizures (Excise)		
Amount Received Account Collector's Permissions	457 00	
Amount Received Account Tourists' Deposits	68 47	
Amount Received Account Travellers' Samples		
		$ 23,345 85

10. Total of Nos. 7, 8 and 9 ..... $2,152,028 63

NOTE.—At ports where Form B—16 Special (Small Collections) is not in use. Inspectors are required to have entries passed accounting for all moneys collected, including Postal Parcels and Express (Small Collections) up to the close of business on the day on which the Inspection Report is made.

11. Are reports of transactions and remittances of money collections made to the Collector by Sub-Collectors and Officers in charge of Preventive and Collecting Stations without unnecessary delay? They are.

12. Are the details of reports from Outports, Collecting and Preventive Stations entered in the Register of Outport Collections, and the remittances accounted for thereon taken to account on the day received? The details of the reports from Outports, Collecting and Preventive Stations are entered in the Register of Outport Collections on the day received and the remittances accounted for thereon are taken to account also on the day received.

13. Are reports of transactions made to the Collector by Officers in charge of Customs Collecting and Excise Collecting Stations without unnecessary delay, executed on Form E-8½ in accordance with regulations as contained in Departmental Memo. 1356-B. Is weekly report also made on Form K-25½? Correctly done.

14. How often are deposits of money collections made with the Bank, and how often are collections remitted to the Receiver General? Deposits are made once daily. Remittances are made once daily to the Honourable the Receiver General.

15. State the name of the Chartered Bank, authorized by the Department in which public moneys are deposited in the name of the Collector, also state if more than one official account is kept in the name of the collector. The Bank of Montreal. Only one official account is kept, this being in the name of the Collector of Customs and Excise.

16. Does the Accountant check all moneys received by the Cashiers during any one day of business at the close of business of that day. Does he deposit same daily in the authorized Bank, and does he execute draft

in favour of the Honourable the Received General accounting for all moneys so collected? The Accountant checks the moneys received by the Cashiers at the close of business each day. Deposits same in the Bank of Montreal and executes Draft in favour of the Honourable the Receiver General for all moneys so collected.

17. Are the several Revenue Cash Books properly kept? Are all collections on the different Revenue Accounts entered in the proper Cash Books under their respective headings immediately upon their receipt? The several Revenue Cash Books are properly kept, and collections on different Revenue Accounts are entered in the proper Cash Books under their respective headings upon receipt.

18. Does the Collector make deposits of all cheques from the Department immediately upon their receipt, and does he make all disbursements of the proceeds of such Departmental cheques by his official cheque, as required by regulation? The Collector makes deposit of all cheques received from the Department immediately upon receipt and makes disbursements of the proceeds of such cheques by his official cheque.

19. Does the Collector retain in his hands any public moneys at the time of making deposits in the Bank? Not that I am able to ascertain.

20. Are the collections ever used for payment of salaries or for the Collector's private purposes? No.

21. Do the records show the proper collection of legal duties on imports, and goods subject to Excise Duties and Excise Taxes? They do.

22. Are any excessive or illegal fees collected? Not that I am able to ascertain.

23. Is the Special Cash Book balanced monthly? Are entries of disbursements made when payments are made and are properly receipted vouchers forwarded to the Department and duplicates kept on file? The Special Cash Book is balanced monthly. Entries of disbursements are made when payments are made, properly receipted vouchers are forwarded to the Department and duplicates thereof kept on file at the Port.

(Reading of report suspended.)

Mr. GOODISON: There were a number of firms mentioned a short time ago, whose books were to be inspected. There is a wrong impression which had been given by the press, in regard to one of the firms. There was a firm, the Doherty Manufacturing Company, of Sarnia, who manufacture stoves; it seems this firm has been erroneously connected with the motion which was made, and I wish the press would mention that it is not the Doherty Manufacturing Company of Sarnia, whose books were to be inspected.

The CHAIRMAN: I quite remember that in the motion the firm mentioned was the Doherty firm doing business in Toronto.

Before we adjourn, I want to draw the attention of the Committee to page 2760 of the proceedings. There are three lines of words which are supposed to be said by the Chairman; I respectfully decline to be responsible. It is about the Telford discussion, in which Mr. Calder, Mr. Donaghy, Mr. Bell and I took part. It is about the middle of the page;

> "The CHAIRMAN: . . . . . That is the procedure in Ontario. Perhaps it is on the main road to go to jail, and you may succeed via the House of Commons. He may reach the same end either way."

I never uttered such words. There may be some words missing. What I said was: "he will have to go down under custody to Rock Island, and open that barn, and show what there is in it." That is what I said. Maybe, when we were talking together, a mistake was made. I do not blame the reporter.

Mr. BELL: Just while you are on that point, it may not be amiss for me to add something with respect to something that was said a while ago when

Mr. Gaunt was before the Committee. After all the evidence had been taken, I, among other members of the Committee, commented rather bitingly, perhaps, on Mr. Gaunt's method of doing business. Mr. Tyndale inquired, "We are discharged?" The chairman said, "You are discharged." And I said, with the greatest evidence of sarcasm, of which I am capable, "Oh, honourably discharged." And some gentleman of the press seemed to think that was a certificate of character for Mr. Gaunt. It may be my genial disposition which conveyed a false impression. If so, I wish to go on record by saying that my attitude to Mr. Gaunt was anything but encouraging.

The CHAIRMAN: I ask that those three lines, to which I referred, be struck out because there is no sense in them whatever. They do not report the words I stated, unless there are four or five words added; and it is not relevant at all.

Witness retired.

The Committee adjourned until this afternoon at 3 p.m.

AFTERNOON SITTING

The Committee resumed at 3.00 P.M., the Chairman, Mr. Mercier, presiding.

Mr. CALDER, K.C.: (Continues reading Mr. Kennedy's report):

24. Have monthly returns of Excise Taxes been properly made by Licensed Manufacturers and Wholesalers? Give the number of firms that are in arrears on Statement Sheet 16 attached to this Report, and state what action has been taken to obtain payment. In many cases, no. As at present the statement is: 1 of six months, 1 of four months and 6 of two months. Collections and audits have been made by inspection staff to account for all the balance of outstanding arrears and these remaining eight firms will also be dealt with in the same way.

24a. State active List of Arrears, 6, 5, 4, 3, and 2 months, each separately at the end of the past month.

6	7
5	12
4	13
3	26
2	96
	154

24b. Has the Collector made proper efforts to have all Sales Taxes collected. No. Inasmuch as the instructions of December, 1922 have not been complied with, in that two notices have been sent to firms before they were telephoned; instead of telephoning twice and then writing. Please see letter to Collector attached to report.

24c. State the system in force at the Port in recording, accounting for and filing of correspondence in connection with Sales Tax arrears. Filed under the name of the firm with whom correspondence is being conducted, that is the firm under license and audit.

24d. State system in force at the Port to collect Sales Tax arrears. Two letters are sent to the firm and they are then telephoned. Instructions have been given to comply with the requirements of Departmental instructions of December '22.

24e. State what action you have taken to collect arrearages of Sales Taxes at the Port and the results you have obtained. Have had the firms visited by Assistant Inspectors, and where they could not obtain payment

of the taxes have had the books and records of such firm audited and report sent to the Department. The result has been a decrease in the number of arrears from 154 firms to 8 firms.

24f. Does the Collector have a separate file dealing with each Licensed Firm in arrears on Sales Taxes? *i.e.* with each Audit Report on Firms in arrears? Yes.

24g. Have you checked the Sales Tax Entries against the Excise Tax Cash Book and the Sales Tax Register to see that all moneys collected have been properly accounted for to the Department? Yes, and found same correct.

25. Are all duties and collections paid at the time entry is made? All duties and collection are paid at the time entry is made.

26. Are unaccepted cheques or other representatives of money ever received by the Collector in payment of duties or other collections? Not that I am able to ascertain except that uncertified cheques are presented in payment of sales taxes, but same are sent to the bank to be marked before the entry is passed.

27. Are any of the public moneys ever deposited in an unauthorized Bank, or deposited otherwise than to the credit of the Collector or of the Receiver General of Canada? Not that I am able to ascertain.

28. Are all the monthly accounts and returns prepared and forwarded within the limit of time required by the regulations? Yes.

29. Did you make an analysis of the manifests received at the Port by sending Port Numbers on the form provided for that purpose. State the period covered by such analysis and the Receiving Port Numbers of the first and last manifests included. Yes. Fiscal year 1925-1926.

30. Give Sending Ports and Sending Port Numbers of missing manifests. Did you obtain copies of such missing manifests from the Sending Ports? Please see statement F. attached to this report.

31. Have you compared the Annual Statement of Manifests Forwarded (Form A-40) with the record of manifests as contained in the Registers of Manifests Forwarded at the port, and do they agree? As all forms A-40 have not yet been received this check and comparison will be made by Local Inspector.

32. State if all Manifests Forwarded, executed at the Port, have been properly recorded in the Registers of Manifests Forwarded, and have such manifests been properly accounted for as required by Departmental Regulations? This work has been correctly performed.

33. Did you make a detailed check and compare Entries and Invoices with Manifests, Reports Inwards, Revenue Cash Books, Register of Manifests Received, Register of Postal Packages Delivered (T-52), Register of Express Parcels Delivered (T-50) or Form B-16 Special, if in use, or other documents from date of last inspection? (A thorough and definite audit and check is required to be made with each of the above stated documents and books of record, before you, at one and the same time.) A clear and concise report is required to be given in reply to this question. Also fill in Statement Sheet No. 3, attached to this Report. Above detailed check and comparison was made of a sufficient number of transactions to satisfy me that the work was being correctly performed. Statement No. 3, is hereby attached.

34. State the period covered by such check, also give the first and last numbers of the Manifests of each Fiscal Year so checked in detail. Please see statement A. attached.

35. Are entries made of all goods imported whether free or dutiable, also of goods subject to Excise duties, when such entries are required by

law and regulation? Entry is made of all goods imported whether free or dutiable also goods subject to Excise duty when such entries are required by law and regulation.

36. Do properly certified invoices accompany Import Entries in all cases when required by law and regulation? Not in all cases but the work shows an improvement in this respect and the use of proforma invoices for merchandise for sale has been cautioned against, Officers being required to demand proper invoices.

36 (*a*). Is th description of goods shown on Import Entries in accordance with the description called for by the Classification of Imports of goods imported into Canada? Yes.

36 (*b*). Is the description of goods contained on Invoices correctly recorded on Import Entries taken at the Port? Yes.

36 (*c*). Are Customs and Excise Entries taken at the Port made in proper form and executed in a legible manner in accordance with Departmental Regulations? Yes.

37. If a Frontier Port, are Entries made of all goods exported and record of such entries properly kept? This work is correctly performed.

38. Are the Export Entries compared periodically with the Railway Train Reports or Vessels Reports Outwards to determine whether Export Entries have been made of all goods exported? Yes, with Vessels Reports Outwards.

39. If a Frontier Ocean Port, are in Transitu Entries for Export (Red), Form B-12½, properly made, and are copies of such entries forwarded to the Department in accordance with the Regulations as contained in Departmental Memo. 1101-B? In Transitu Entries for Export (Red) Form B.-12½ are properly made and dealt with in accordance with memorandum No. 1101-B.

40. State the number of In Transitu Entries during the Fiscal Year ending 31st March last. 4626.

41. When goods are entered on a Bill of Sight, with or without invoice, are such goods always submitted to examination and appraisal before entry? This work is correctly performed.

42. Have goods been improperly delivered before entry?—If so, state the facts in a clear and concise manner. Goods have been improperly delivered Ex-Warehouse. Please see correspondence attached to report regarding bonded warehouses No. 5, 15, 51, 73 and 83. Necessary instructions have been given.

43. State if Export Entries (Form B-13.) are correctly executed at the Port showing the correct quantity and net weight of goods, correct values and whether of Domestic or Foreign origin; also are shipments correctly described and is ultimate destination always given? This work has been properly performed.

44. State the number of Export Entries executed at the Port during the last two full Fiscal Years.

47,985 for the Fiscal Year 1924, 1925.
57,395 for the Fiscal Year, 1925, 1926.

45. Are the estimated Customs and Excise Duties collected in all cases before the permit is issued for delivery? Yes.

46. State whether Delivery Permits (C-1, C-4, C-53) are regularly issued in accordance with Departmental instructions, and if the date when goods have been delivered is indicated on the Permits (as it should be). This work is correctly performed.

47. State if, when goods have been delivered under Delivery Permits (C-1, C-4, or C-53), the Delivery Permit is filed attached to the Entry to which it refers (as it should be). Yes.

48. Is a proper selection made of the required number of packages for examination and appraisal, as required by law? Yes.

49. Did you ascertain if the Dutch Standard of Sugar Samples have been forwarded from the Department for use at the Port, and if so, are such Dutch Standards kept in the Boxes in which they were received from the Department, and are they in good condition? The Dutch Standard of sugar samples are on hand in the boxes in which they were received from the Department and in good condition.

50. Did you make an examination into the manner in which each of the several Appraisers assigned to duty at the Port discharges the duties assigned to him? I did, and discussed with each of such appraisers the proper discharge of their duties to which they are assigned.

51. Do each of the Appraisers keep a Register of Amended Entries, and does each Appraiser furnish the Collector with a monthly statement of amended Entries made, which have been called for by him? They do.

52. Here give the names of the Appraisers assigned to duty at the Port, and the Division in which each of such Appraisers is serving, also carefully fill in and sign Statement Sheet No. 9. Please see statement No. 13, attached to this report. Statement sheet No. 9 also attached.

53. Did you make an examination into the manner in which each of the several officers in charge of the different Licensed Factories and Warehouses discharges the duties assigned to him? Examination of distilleries was made by inspector A. F. Brain, and of the remaining excise surveys by Dominion Inspector W. Caven, and assistant inspector H. Langtin during the inspection.

54. Do officers in charge of Licensed Factories or Warehouses keep Officers' diaries, as required by Departmental Regulations? Such officers keep their pocket note books or lockers' books accounting for transactions at their surveys.

55. Here give the number and names of the proprietors and the Officers assigned to duty at each of the different Licensed Factories and Warehouses. See statement Sheet No. 1, attached to this report. Please see statement Sheet No. 1 attached.

56. Is there any undue delay in making returns by the different Licensed manufactures? No, excepting as noted in answering question No. 24.

57. Upon free entry of "Settlers' Effects", is the personal oath required by law always administered and is proper examination of goods so entered made before delivery? The proper procedure is observed.

58. Are goods properly weighed, gauged and tested when required by Regulations, and return thereof made without delay by the Officer performing that duty, and are the Weighers' and Gaugers' books properly kept? Goods are properly weighed, gauged and tested as required by regulation, and returns thereof made without delay by the gaugers' branch. Gaugers' and Weighers' books are properly kept.

59. Did you find the various rates of duty marked on all invoices? Is the amount on which duty has been collected indicated by check mark on each invoice, as required under Departmental Memo. 1297-B? Are Invoices marked with the entry numbers including Post Entry Number (if any)? Are Invoices filed in accordance with regulations contained in Department Memos., 1294-B and 1297-B? The regulations as outlined in the above question are properly complied with.

60. Are all goods which have been examined and appraised indicated on the invoice by check mark and certified by the Appraiser or Officer acting as Appraiser as required by Regulations? This work is correctly performed.

[Mr. A. M. Kennedy.]

61. Did you make a check of the Register of Express Parcels (Small Collections) with Express Manifests and is the Register of Express Parcels Delivered (T-50) or Form B-16 Special, if in use, properly kept? Fill in Statement Sheet No. 6, attached to this Report. Above stated check was made. Form B-16 Special properly kept. Statement No. 6 is attached to this report.

62. Did you make a check of the Postal Parcels on hand with the entries recorded in the Register of Postal Parcels Received (T-51 or Form E-19), and did they agree, and is such Register property kept? Fill in Statement Sheet No. 5 attached to this Report. The above stated check was made and the records were found to agree. The register is properly kept. Statement Sheet No. 5 is attached to this report.

63. Did you make a comparison and check of the goods recorded in the Register of Postal Parcels Received (7-51 or Form E-19 with the entries recorded in the Register of Postal Parcels Delivered (T-52) or Form B-16 Special, if in use? Comparison and check was made. Special form B-16 executed with accounting machines is in use, and properly executed.

64. Are parcels recorded in the Register of Postal Parcels Received (T-51) in ink, or if Form E-19 is in use in ink or indelible pencil, and are such parcels cancelled by Entry Number written in ink opposite to the parcel to which such Entry refers, as required by Regulations? Recorded on form E-19 in typewriting, and cancelled in ink by the entry numbers being set opposite the items on B-19 to which they refer.

65. If Form B-16 Special is not in use, did you make a check of the Register of Postal Parcels Delivered (T-52) with the entries recorded on Form B-16, and did you find that all such Collections were properly taken to account in such Entry? Is the Register of Postal Parcels Delivered (T-52) or Form B-16 Special, if in use, properly kept? Please see answers to question 63 and 64. All collections were found to have been properly taken to account.

66. Does the Collector require in respect of Small Express and Postal Parcel Collections, that invoices for goods being merchandise for sale shall be produced (Vide Memo. 1565-B)? Are such Invoices filed and numbered with the Small Collection Entry Number respectively (Vide Memo. 1297-B)? The collector does require properly certified invoices being produced in respect to merchandise for sale, and the invoices are marked with the entry numbers.

67. Is there any undue delay in making returns of appraisements? Not that I am able to ascertain.

68. Is the sampling and testing of goods correctly performed? Are excessive samples taken? What disposition is made of samples? This work is now being correctly performed, excessive samples are not being taken, and if samples are of commercial value, they are being returned to importer, and where not of commercial value, are being destroyed.

69. Did you find evidence that some Importers, Merchants or Manufacturers, have more claims and allowances for damages to goods on the voyage of importation or while in transit from Port to Port than others in the same line of business? I did not.

70. Are the increased and additional duties and taxes ascertained on examination and appraisal or Department check to be due the Department properly collected by Post Entry or Perfecting Entry, and the Post Entry Numbers or Perfecting Entry Numbers noted on the Prime Entry and Invoice? Yes, but I found it necessary to write the collector a letter directing his attention to the large list of outstanding amending entries, which have now been amended.

[Mr. A. M. Kennedy.]

71. State the amount of additional duties and taxes which you found due the Department, if any, giving date of Prime Entry, Number, Importer's, Manufacturer's or Owner's Name, and the amount due on each Entry, together with the date and number of the Amending Entry in each case if passed during inspection. Also state if additional duties and taxes were called for by Department or if ascertained by personal check. If space below not sufficient attach a statement (in duplicate) of additional duties and taxes which you found due. Please see answer to question No. 70, and statement attached to this report.

72. Are additional duties and taxes found due on examination and appraisal collected before delivery of examination packages? This work is being correctly performed.

73. Does the Collector issue his Official Cheque in payment of refunds and drawbacks promptly upon receipt of funds from the Department for the purpose? Yes.

74. Is it a practice at the Port for the Collector or other Officers to prepare Entries (other than Settlers' Effects Entries) for Importers, Manufacturers or Owners? It is not.

75. Is proper Power-of-Attorney always required before an Agent of an Importer, Manufacturer or Owner is allowed to represent him in the transaction of Customs and Excise business? This regulation is now being well complied with.

76. Are collections of additionnal duties or taxes on Post Entries promptly recorded in the Cash Books and the number of the Post Entry noted on the Prime Entry and Invoice? Yes.

77. When a Refund Claim is allowed is the Refund noted on the Entry and Invoice affected? Yes.

78. Are Warehouse Entries so made out as to show all goods by package, so that the value, quantity and rate of duty of each package is stated in such Entries and the quantity and marks and numbers of each package in the Receiving and Delivery Warrants? Yes.

78-a. Have you made a careful examination of all Customs Excise Bonded Warehouses at the Port to see that all partitions, floors and ceilings are firmly and securely built. Also are the doors leading into such Bonded Warehouses secured with Customs Excise locks, and are proper notices as required by regulations placed over the entrances to such Bonded Warehouses?— The examination required by this regulation has been made by the Assistant inspector's staff, and where same were found not to be in proper order, the collector was written to and the necessary corrections made.

79. Are the Books of the Customs Excise Examiners in charge of Bonded Warehouses kept in accordance with the regulations showing marks and numbers on all packages? Are all duty paid goods promptly removed from Warehouse?

The books of the Customs-Excise examiners in charge of bonded warehouse were properly kept in accordance with regulations. Duty paid goods are promptly removed from the warehouse.

80. Is Number 1, Statistical Warehouse Ledger, properly kept? Yes.

(*a*) Are Warehouse Ledgers (Customs and Excise) properly kept? Yes.

(*b*) Are the Entries For-Warehouse for each licensed Warehouse kept in a separate Warehouse Ledger? Yes.

(*c*) Are For-Warehouse Entries properly recorded therein in consecutive order of Entry Number as they are made from day to day? Yes.

81. State the number of Bonded Warehouses and Factories of each class, and the number of Customs Excise Examiners employed; also fill

in Statement Sheet No. 1, attached to this report. Please see statement No. 1 attached to this report.

82. Are "Special Service" charges for Customs Excise Examiners Services promplty collected from the proprietors of the several Bonded Warehouses and Factories, as prescribed by law and regulation? Yes.

83. Are the packages in the Bonded Warehouses properly piled and marked with the numbers of the For-Warehouse Entries? Yes.

84. Are the Bonded Warehouses while unlocked ever left in charge of anyone other than a Customs Excise Officer? Not that I am able to ascertain.

85. Is an Inventory of all goods in warehouse made and compared with the records as shown by the Warehouse Ledgers, at stated periods? Also is statement made by Manufacturers of goods contained in Bonded Factories at the end of each month? Yes.

86. Are the Customs Excise Officers transferred from one bonded Warehouse to another at stated intervals? If so, state when last transferred? Every six months. April 1st, 1926 with the exception of officers at the Quebec Liquor Commission and terminal warehouse who, owing to the nature of such service are being held for an additional six months.

87. Give the number and names of the proprietors of the Bonded Warehouses and Factories checked by you and detail any discrepancy found to exist. Please see statement No. 1 and correspondence attached to report.

88. Did you find an unusual number of entries passed during the time of your inspection? If so, how is the circumstance explained? No.

89. In the transfer of Bonded merchandise from Warehouse or vessel to Warehouse, cars or other vessel, is such merchandise always carted by a Customs Excise Dray, or accompanied by a Customs Excise Officer? The question of the cartage of bonded merchandise and the employment of Customs carters has been made the subject of a special report, which is now before the Department for decision and instructions.

90. Are Removals received from or forwarded to other Ports properly recorded in the books provided by the Department? Are Export Entries properly recorded in the Book provided by the Department? Removals received from or forwarded to other ports are properly recorded in the books provided by the Department. Export entries are properly recorded in the book provided by the Department.

91. Are Removals received from other Ports properly numbered, receipted, and cancelled and returned within the period required? Yes.

92. Are Manifests reporting goods inwards from foreign territory and Manifests received from other Ports and Outports recorded in consecutive order in the Register of Manifests Received, in accordance with regulations? Yes.

93. Are proper Manifests and Re-Manifests of goods forwarded from the Port "IN BOND" properly recorded in the Registers of Manifests Forwarded, as required by regulations? Yes.

94. If a Frontier Port—is the landing of bonded goods for export shipped either in-transitu or ex-warehouse on board the exporting vessel or cars, always done under the personal supervision of a Customs Excise Examiner? Yes.

95. If an Interior Port—is the transfer of goods "In Bond" shipped either ex-warehouse or Removal for Export on board cars, always done under the personal supervision of a Customs Excise Examiner? Not an interior port.

96. Are Manifests received from other Ports properly numbered, receipted, and cancelled and returned within the period required? This work is properly performed.

97. Are transfers from one road to another or from one car to another properly noted thereon, with a detail of shorts and overs? Yes.

98. Are the Registers of Manifests Received and Forwarded properly kept? They are.

99. Is Form E-48, Numerical Index of Manifest Numbers, properly kept? It is.

100. Is Annual Statement of Manifests Forwarded (Form A-40) properly executed at the close of each Fiscal Year, in accordance with the instructions contained in Departmental Memorandum No. 2031-B? Yes.

101. State the names of the Railways operating through the Port. The Canadian Pacific Railway, the Canadian National Railways, the Central Vermont Railway, the Delaware & Hudson Railroad, the New York Central Railroad, the Rutland Railroad, the Quebec, Montreal & Southern Railway, Montreal & Southern Counties Railway.

102. State number of vessels reporting Inwards Coastwise. (Past Fiscal Year, 2,754). (Present Fiscal Year to date of Inspection, 2,514).

103. State number of vessels reporting Outwards Coastwise. (Past Fiscal Year, 2,605). (Present Fiscal Year to date of Inspection, 2,294).

104. State number of vessels reporting Inwards Foreign. (Past Fiscal year, 1,600). (Present Fiscal Year to date of Inspection, 2,084).

105. State number of vessels reporting Outwards Foreign. (Past Fiscal Year, 1,943). (Present Fiscal Year to date of Inspection, 2,358).

106. Are proper precautions taken to prevent the improper landing of excessive Ships' Stores found on board vessels from Foreign Ports? Is Entry of such excessive Ship's Stores required to be made in accordance with law? Proper precautions are taken to prevent the improper landing of excessive ship stores found on board vessels from foreign ports. Entry of such excessive ship stores is required to be made in accordance with law.

107. Are proper precautions taken to prevent the improper supplying of excessive Ships' Stores? Are all Ships' Stores, including Spirituous Liquors, Cigars, Cigarettes and Tobacco, placed on board vessels under supervision of a Customs Excise Officer and properly secured with Customs Excise Seals? Proper precautions are taken to prevent the improper supplying of excessive Ships' Stores. All Ships' Stores including spirituous Liquors, Cigars, Cigarettes and tobacco is placed on board vessels under the supervision of Customs-Excise officer and secured with seals.

108. What disposition is made of Unclaimed or Seized Goods? Held in Unclaimed Goods for the period of six months in King's Warehouse, and if still uncleared sold by public auction under authority of Section 28 of the Customs Act. Seized goods dealt with according to the decision of the Honourable the Minister.

109. If you have destroyed goods as above stated, have the regulations of the Department been complied with, and is copy of Destruction Entry attached to this Report? Please see copies of Destruction Entries attached.

110. Were discrepancies discovered between the goods found in sufferance and unclaimed warehouses and those called for by uncancelled manifests and unclaimed lists? If so detail same. Yes, please see correspondence with Collector respecting Unclaimed Lists.

111. Are the contents of packages of unclaimed or seized goods carefully inventoried, weighed and gauged when necessary, and proper precautions taken against the substitution of inferior goods or against pilfering prior to sale? A special check of these goods has been made during the

Inspection and all records brought up to date and the work in regard to same is now being carefully and thoroughly performed.

112. Are records and account of sales of these goods properly made and kept, and necessary for duty entries made within a reasonable time after sale? Yes.

113. Upon comparison of the public property in the Customs Excise Office with the record and returns thereof, as contained on Form G-14, do you find it correct, and in what condition do you find the property? Correct and in good condition.

114. In what condition do you find the Customs Excise Office Building and Premises? State whether they are the property of the Government or under lease, and if not in good condition state requirements. If under lease, name the proprietor and give terms of lease. Also fill in answers to questions contained on Statement Sheet No. 12 attached hereto. In good condition, all government property. Statement Sheet No. 12 is attached to this Report.

115. In what condition do you find the weighing, gauging, testing and other instruments required for the Customs Excise business and are the capacities and tabulations of the different vessels used in the factories verified from time to time? These instruments are in good condition and verifications of the capacities and tabulations of vessels used in factories is made from time to time.

116. Are the dimensions and contents in cubic inches and gallons plainly marked on all vessels where required by regulations? Yes.

117. Is the business of the Official Weigher, Gauger and Tester conducted in a satisfactory manner? The business of the Official Weigher, Gauger and Tester is now being satisfactorily conducted.

118. In what condition do you find the Rubber Stamps used at the Port, and is the use of all such stamps at the Port authorized by the Department; also fill in Statement Sheet No. 11 attached to this report, giving an impression of all Rubber Stamps in use at the Port. In good condition, and properly authorized except where noted on Statement Sheet No. 11 which is attached to this report.

119. Do the Collector and all the other Officers give their personal attention to the business of their respective offices, and are they daily in attendance at the Customs Excise Office or other point of duty during official hours? Also fill in Statement Sheet No. 13 attached to this report. They do. Statement Sheet No. 13 attached hereto.

120. Do the Collector and other Officers reside at the Port? Are any of them engaged in private business? If so state particulars. The Collector and other Officers reside in Montreal and vicinity. None of them are engaged in private business in so far as I can ascertain.

121. Is the attendance book regularly signed each day and irregularities noted and accounted for therein? Yes.

122. Are there any persons borne upon the Customs Excise Pay Roll who perform little or no actual service? If so, give their names, salary, and extra service money, if any, also their character for competency, etc. No.

123. What reduction, if any, can be made in the force as now employed without detriment to the public interest? None.

124. State the names of the Officers authorized to wear Official Uniform in accordance with Departmental Memos. 1908-B and 2445-B, also state as to their general appearance, and the manner in which they treat the public when engaged in the examination of hand and checked baggage. (If space herein is not sufficient fill in Statement Sheet No. 2 attached to this report.) Please see Statement Sheet No. 2 attached.

125. Are collections entered on Form B-16½ Books (Receipt Small Collections) properly taken to account by entries, and are such Books properly kept? No. Please see special report of Inspector or R. P. Clerk respecting the services of Officer G. P. Cassidy. Work now being properly done.

126. Are the Offices assigned to the Collector and his staff used or occupied for purposes other than the transaction of Customs Excise business? If so, state by whom and in what manner. No.

127. Are the following books of record properly kept and indexed where necessary? Report as to each.

Kings Warehouse Storage Account. Properly kept.

Record of Storage Charges collected by Express Companies (Form K-2½a). Properly kept.

Is a record of E-7's kept and do they receive prompt attention and reply? Records properly kept, but it was necessary to write the Collector a letter respecting outstanding E-7's. Copy attached.

Register of Amended Entries. Records properly kept, but it was necessary to write the Collector a letter respecting outstanding Amended Entries, copy attached.

Record of Sight Entries. Yes.

Register—Goods Received and Delivered at Examining Warehouse. Yes.

Register of goods transferred in bond. Properly kept.

Register—Goods Unclaimed or Form A-18, Customs Storage Account, if kept instead. Properly kept, but necessary to write a letter on outstanding perishable goods entries, copy attached.

Register of goods exported or removed in bond. Yes.

Register—Foreign Exporter's Index of Invoices. Yes.

Register—Importer's Index of Entries. Yes.

Register—Outport Reports. Properly kept.

Register—Canadian Exporter's Index of Entries (if Frontier Port). Yes.

Register—Powers of Attorney, or if at large Ports is the system for filing and recording the Powers of Attorney properly carried out.

Customs Excise Memoranda. Yes.

Appraisers' Bulletins. Yes.

Stamp Record. Yes.

Record of Stamps to Manufacturers—Form T 223a and 223b. Yes.

Monthly Return, Tobacco Stamps, etc.—Form G-65. Yes.

Monthly Return of Excise Tax Stamps—Form G-70. Yes.

Register—Excise Tax. Properly kept.

Register of Licenses. Yes.

Record—Weight of Cigar and Cigarettes, etc., imported. Properly kept.

Record of Collector's Permissions. Yes.

Record—Perishable Goods delivered under Collector's Permissions Form C-6). Yes.

Record—Refunds and Drawbacks (Customs). Records properly kept, but necessary to write Collector a letter respecting outstanding refunds and drawbacks, copy attached.

Record—Refunds and Drawbacks (Excise). Yes.

Record—Seizures (Customs). This record was not up to date, but has been carefully checked and brought up to date, and is now in correct order.

Record—Seizure (Excise). Yes.

Record of Invoices returned from Examining Warehouse. Yes.

Record—Bonded Baggage Received. Properly kept.
Record—Bonded Baggage Forwarded. Properly kept.
Register—Baggage Advice Notes Received. Yes.
Register—Baggage Advise Notes Forwarded. Yes.
Record—Tourists' Deposits. Properly kept.
Record—Automobiles Outward for Touring Purposes. Yes.
Record—Automobiles Inward for Touring purposes. Properly kept.
Record—Vehicles and Passengers (By Highway) Inwards and Outwards. Not kept.
Record-Receiving Port-Of Goods Short Received at Destination. Yes.
Record-Sending Port-Of Goods Short Received at Destination. Properly kept.
Register of Transfer Manifests. Yes.
Record of Abstract Manifests—Orignal Sending Port. Yes.
Record of Abstract Manifests—Port of Diversion. Yes.

128. Did you make a check of the Baggage Manifest Advice Notes Received to ascertain that all baggage recorded on same had been properly accounted for as required under Departmental Memorandum No. 40. This check was made and with the exception of item covered by Special Report of Inspector R. P. Clerk re Officer G. P. Cassidy were found correct.

129. Does the Collector observe the Departmental rule of writing a separate letter on each subject dealt with in his official correspondence? He does.

130. Is the Collector's correspondence properly filed attached to consecutively numbered file-backs and indexed by subjects? It is.

131. State if Form F-11 (List of Unclaimed Goods) signed by the Collector is herewith attached. Yes.

132. State if copies of instructions to the Collector respecting the proper conducting of the business of the Port are herewith attached. They are.

133. State if copies of letters written to Ports or Outports requesting copies of missing manifests are herewith attached. Yes.

(For general or special observations and remarks see last sheet of this Report headed "Note.")

Dated at Montreal, P.Q., May 6, 1926.

(Signed) A. M. KENNEDY,
Acting Chief Inspector.

Witness discharged.

FRANK WEXLER, called and sworn.

By Mr. Calder, K.C.:

Q. Are you Mr. F. Wexler doing business at 223 Wurtemburg Street, Ottawa?—A. Yes, sir.

Q. Have you got all the letters, papers, bank books, etcetera in connection with your business?—A. I have.

Q. You have them here?—A. No, I have not got them here; I have them at home.

Q. Why didn't you bring them here? The subpoena called upon you to have them with you here to-day and produce them?—A. The reason I did not was because I got this letter in the morning and I left this morning before I got the mail, and I thought maybe this afternoon would be sufficient. I could go home and get them; I have my bank book here.

Q. Bring them here to-morrow morning.—A. I will.

Q. Why did you not produce these to the auditors when they required them?—A. They never—

Mr. CALDER, K.C.: Call Mr. Troop, will you?

By Mr. Calder, K.C.:

Q. Will you produce to-morrow morning at 10.30 all your books that have reference to your business, and all letters, correspondence, papers, books and bank books?—A. Yes.

Witness retired.

Mr. CALDER, K.C.: The only witness now, is Mr. Knox, who will be called for the purpose of reporting on the Telford incident. Mr. Knox will have to be sworn, as he was discharged.

JAMES EDWARD KNOX, called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Knox, as arranged between Mr. Telford' counsel and the Committee, on Friday, did you accompany Mr. Telford to Rock Island?—A. I did, sir, on Saturday morning.

Q. At what time did you reach Rock Island?—A. We reached Rock Island some time around one-thirty in the afternoon.

Q. Did you then proceed to the warehouse?—A. No.

Q. Why not?—A. Mr. Telford was a pretty sick man when we arrived there, and was in no condition to discuss matters with his wife. We interviewed his wife some three-quarters of an hour afterwards.

Q. Did you take him to his house?—A. No, we left him in charge of his wife and son and another gentleman at Newport, Vermont.

Q. Is that where he lives?—A. No, he lives at Derby Line, just outside Rock Island.

Q. Did you make any arrangement to go and see the warehouse?—A. Not then, no.

Q. When did you make the arrangement?—A. About three-quarters of an hour after our arrival at Rock Island.

Q. What was the arrangement?—A. We went to see Mrs. Telford and explained to her the condition under which we came down. She told us she could not consult her husband when he was a sick man, and she would consent to nothing. I informed her of the arrangements, and she said she would take no responsibility whatever; and we could not examine the warehouse. I told Mrs. Telford that I was sent down at the request and with the consent of her husband. I gave her two hours to consult legal authority, or any of her friends, and if we were not allowed to examine the warehouse, I would close their factory on the Canadian side, pending the production of the evidence which she had. She consulted, evidently, some of the friends, namely, a Mr. Fuller and Mr. Martin, who interviewed her and told her the circumstances. Still she did not consent. I understand from Mr. Martin that she consulted Mr. Howard of Sherbrooke, who advised her, and she finally consented to allow us to enter the warehouse.

Q. Was the warehouse indicated to you?—A. Yes.

Q. By whom?—A. By our deputy collector, Mr. Knight, and Mr. Fuller, the agent of the Vermont Railway.

Q. Did you go into the warehouse?—A. Yes, at seventy-thirty at night.

Q. From the cases and parcels in the warehouse, did you identify which is the one which belonged to Mr. Telford?—A. Yes.

Q. Did you take an inventory of the goods you found there?—A. I did.

Q. Will you produce that inventory to the auditors? What is the estimate of the invoice value of the goods you found there?—A. Yes.

Q. Was Mr. Knight with you?—A. No.

Q. Was anybody with you, from the Customs?—A. No, Mr. Fuller, Mr. Todd, Mr. Hicklin and myself.

Q. They were going by the invoice price of similar articles?—A. We had no invoices at all.

Q. They checked over what was there?—A. Yes.

Q. And they were following invoices of similar goods which they had previously seen?—A. No, Mr. Knight, our own deputy, gave us the prices. There are only two cases in the place; one a bale broken, and twenty-one bales of Beacon blanket cloth.

Q. Which works out at how much?—A. Approximately eighty cents a yard.

Q. What was the whole value of all the goods found on the premises?—A. Valued at eighty cents a yard, there are some nine hundred and seventeen yards; would amount to $733.60.

Q. Now you have had advantage of seeing the warehouse which belonged to Mr. Jenkins, at the same time?—A. The warehouse is in the same building.

Q. Are they compartments?—A. Yes.

Q. What was in Mr. Jenkins' warehouse?—A. We were told it was Mr. Jenkins', after we had examined it.

Q. Did you fin any case marks, or anything to show what it was?—A. No, there were no case marks.

Q. There was nothing on the parcels to show what they were?—A. No, I can't say that; it was upstairs.

Q. Who told you it was Mr. Jenkins' warehouse?—A. Mr. Fuller, and also Mr. Knight, our own Customs officer, prior to our going in at all.

Q. Prior to going in at all, you were told this was Telford's warehouse downstairs and Jenkins' upstairs?—A. No, we were told they each had half of the building.

Q. What did you find out about that which appeared to have reference to Mr. Jenkins?—A. When we entered, that space was occupied by Mr. Telford. There is a loft, and a little trap door which we had to push over. No one seemed to know whether it belonged to Mr. Telford or Mr. Jenkins; so, naturally, we went upstairs and looked around, and we found there all kinds of goods.

Q. Did you take an inventory of those goods?—A. Just a rough inventory, which I have here.

Q. What did they consist of?—A. Milton F. Goodman shirts, G-16, 600 shirts; a number of "Yours truly" shirts; between fourteen and fifteen hundred of those.

Q. Of the "Yours Truly" shirts?—A. Not the "Yours Truly" shirts. We did not take the number of them. That is, the "Big Yank" shirts. And there were fifty packages of workshirts, marked on it. There was a large quantity of ready-made overalls, and eleven cardboard boxes marked "Milton F. Goodman"; unopened, but evidently filled.

Q. Has an inventory been taken of those goods, by the auditors?—A. Nothing more than we have got here, because when we entered and looked it over, we were informed by Mr. Fuller that it belonged to Mr. Jenkins, although it is quite accessible to anyone entering either of the doors of the warehouse.

By Mr. Calder, K.C.:

Q. They are separate doors, are they?—A. Oh, yes, separate doors.

Q. No addresses names on the boxes?—A. No.

Q. What was the amount; what was the value of the stuff?—A. Well, we did not take the value.

Q. You did not value that?—A. No, we did not value that.

Q. There was not so much as a catch value put on it?—A. No. There are thousands of shirts, of course, in the place; they were all on racks.

Q. The space was full, practically?—A. The space is full, practically. There are also all kinds of labels lying around.

Q. Labels taken off?—A. Taken off.

Q. Labels taken off?—A. Marked "Big Yank," all such labels, both in linen and paper.

By Mr. Bell:

Q. Is that in the Jenkins part or the Telford part?—A. In the Jenkins. There is also a bed in the place and scissors. I suppose they could work there; supposed to be a warehouse, but evidently they did some business there too.

By the Chairman:

Q. A pair of scissors, and what else, a bed?—A. Yes, a bed, blankets and all on it.

By Mr. Calder, K.C.:

Q. M. Knox, in consequence of instructions did you go down to examine the records of the licensing of cars in Massachusetts?—A. I did, sir.

Q. Where did you get your information?—A. From the No. 1 Commonwealth Pier, Boston, Mass.

Q. Will you produce the little license that was effected for the Delage car; have you copy of your report in front of you?—A. No, sir, I have not.

Q. Will you take this? Did you take off from the exhibit the license number of the Delage car?—A. I did.

Q. Did you have this for comparison when you went down to look at the records at the Commonwealth Pier?—A. No, I had got the original but I had the number.

Q. You had the number which you took off?—A. Yes.

Q. Was any license issued in the year mentioned and marked "Delage" and bearing that number and the name of Delage?—A. No such name as Delage.

Q. Did you search the records throughout, whether there was a Delage there?—A. Yes.

Q. Was there?—A. No.

Q. There was not. To whom was the license which has been produced now; at least, to whom was the license number corresponding to that license produced here issued?—A. The number on the registration license 1924, No. 427561, was issued to one, A. F. McInnis, 413 Belmont Avenue, Springfield, Massachusetts, and was for a Ford sedan, motor number 8841808.

Q. In order to be perfectly fair to everybody; did you go to Mr. Kostikus. Attorney for Carpenter?—A. I did.

Q. Did you ask him whether he had received any letter from Mr. Bisaillon in response to a letter which was sent to Mr. Bisaillon by Carpenter?—A. I did.

Q. Was there any reply?—A. No reply.

Q. No reply. You had an interview with Carpenter?—A. I did.

Mr. CALDER, K.C.: That is all. The question arose of bringing Carpenter here. I corresponded with the authorities in the State where he is incarcerated now, and for reasons, which I will reveal privately to the Committee, it is not deemed either useful or expedient to bring him here. That is all the witnesses we have for this afternoon, Mr. Chairman.

Mr. BELL: I would like to have Mr. Hicklin produce those records that were asked for the other day.

Witness retired.

WILLIAM HICKLIN recalled.

By Mr. Bell:

Q. You were asked to inform yourself by access to the official records, regarding the withdrawals, if any, that occurred of special officers in 1924 and 1925. I think it was. Have you consulted the records?—A. Yes, sir, in Montreal.

Q. Have you made any extracts from them?—A. I have given the dates that the different officers went to Rock Island and the dates they were recalled; all officers.

Q. And are you stating to us now that this extract which you produce is a correct copy of the official records which you yourself have made, is that it?—A. Certainly, sir.

The CHAIRMAN: Wait a minute, I want to see them before they are filed.

By Mr. Bell:

Q. Will you tell us just what you have disclosed?—A. Do you wish all this read out, of the different officers?

The CHAIRMAN: You will put it in, put it in in full.

Mr. BELL: File it in any event.

By Mr. Bell:

Q. But were there many of these dates?—A. Yes, there was some ten officers assigned to duty on patrol work during the fall of 1924.

Q. And were they withdrawn?

By the Chairman:

Q. Patrol?—A. Patrol, yes.

By Mr. Bell:

Q. Were they withdarwn?—A. All but three in the ten, seven withdrawn in 1924.

Q. At one time or at varying dates?—A. Oh, at varying dates.

Q. This, your memorandum will disclose, this one that you are filing?—A. Yes,sir.

Q. And is there anything to indicate as to whether or not they did resume duty as these points later?—A. No, sir, they did not.

By the Chairman:

Q. This report does not mean they were withdrawn from there, but this report shows that once in a while they used to send some officer and then call him back and send somebody else.—A. No, sir, not in the case of the ten. Four or five of them came back in December, 1924.

By Mr. Bell:

Q. If your memorandum is short, perhaps the quickest way would be to read it to us and then we will see exactly what the contents are. Will you do that?—A. Yes. (Reads):

EXHIBIT No. 218

"OFFICERS WHO WERE STATIONED IN THE ROCK ISLAND DISTRICT

Name of Officer	Commenced Duty	Withdrawn
Paul E. Jensen	April 29th, 1925	August 31st, 1925.
J. M. Brosseau	Nov. 22nd, 1924	April 29th, 1925.
J. J. Belanger	Nov. 13th, 1924	March 12th, 1925.
W. Brossard	Nov. 15th, 1924	Nov. 24th, 1924.
J. S. Kellert	Sept. 17th, 1924	Dec. 16th, 1924.
A. Z. Lalonde	Nov. 13th, 1924	Dec. 8th, 1924.
G. A. Loranger	Sept. 17th, 1924	Oct. 10th, 1924.
J. A. Prud'homme	Nov. 14th, 1924	Dec. 23rd, 1924.
A. J. Lacasse	Nov. 14th, 1924	Dec. 15th, 1924.
C. W. Hewson	Nov. 14th, 1924	Nov. 22nd, 1924.
H. A. Hebert	Nov. 18th, 1924	May 6th, 1925.
Inspector A. Laing (audit work)	Various occasions from October 6th, 1924 to end of March, 1925.	
W. Duval and Inspector J. E. Bisaillon	Various occasions from October 6th, 1924 to December 20th, 1924.	

10 Officers were assigned to duty on patrol work during the fall of 1924 three of whom remained in 1925 and were withdrawn on the following dates,—

J. J. Belanger returned to Montreal on March 12th, 1925.
J. L. Brosseau returned to Lacolle on April 29th, 1925.
H. A. Hebert returned to Sutton on May 6th, 1925.

Officer Paul Jensen was assigned to duty in this district on April 29th, 1925, and did patrol duty alone twelve hours a day."

Q. When you say he did patrol duty alone at that time, do you mean he was the only man doing patrol duty at that time in that district?—A. The only man doing Preventive Service, yes, sir.

"This officer was called back to Montreal by former Inspector J. E. Bisaillon on August 31st, 1925, who stated, in reply to an inquiry of Chief Preventive Officer W. F. Wilson under date of September 29th, 1925, file No. 13050-A, that Jensen was doing special work in Montreal and that he would be returned to duty at Rock Island after the 29th of October, 1925.

(Signed) W. N. HICKLIN,
Preventive Officer."

By Mr. Doucet:

Q. Was Jensen sent back after October 29th?—A. No, sir.

By the Chairman:

Q. He was sent elsewhere?—A. No, sir, he returned and remained on duty in Montreal until he was transferred to the Port Staff on December 15th.

Q. But he has still some duty to perform in Montreal?—A. Oh, yes, he is in the Postal Branch.

The CHAIRMAN: We will put that in as Exhibit 218.

By Mr. Donaghy:

Q. Were all the patrol men on duty at once?—A. No, I think six was the most at one time; that would be November and December, 1924.

Q. Six was the highest?—A. Six was about the highest.

Witness retired.

The Committee adjourned until 8.00 P.M.

EVENING SITTING

The Committee resumed at 8.00 P.M., The Chairman, Mr. Mercier, presiding.

HENRY MCLAUGHLIN called and sworn.

By Mr. Calder, K.C.:

Q. Mr. McLaughlin, Mr. John McCarthy of the Customs Service was called here and at pages 2534, 2535, 2536, 2537 and 2538 he discussed, among other things, a certain theft out of the warehouse, apparently the dry-goods department?—A. Yes.

Q. In connection with which he had witnessed certain men taking goods out of the warehouse at night and he says he took the car number; was that ever reported to you?—A. No, sir.

Q. Do you remember any such theft during the night in which Mr. Goyette was concerned?—A. No sir, never.

Q. He said amongst other things, as at page 2535. (Reads):

"Q. Was that theft reported?—A. Yes. That was well-known. Finally he came to me next morning, and said to me 'Mr. McLaughlin wants to know if you could identify the men you saw coming out of the warehouse the other morning.' He came to me the next morning, after watching that night, and said, 'I was watching last night, two more bales disappeared, they must have jumped through the window.'

By Hon. Mr. Stevens:

Q. Who said that?—A. Mr. Goyette. He said Mr. McLaughlin sent him out to see if I could identify the men coming out of the warehouse the morning before, between twelve and one o'clock. I said, 'No, I could not.'

By Mr. Calder, K.C.:

Q. Did you tell him you had the car number, at that time?—A. Yes, I said to him, 'tell Mr. McLaughlin I have the automobile number, if he wants to hunt me up.' That was the last I heard of it. Finally on the Monday morning, a carter by the name of Cardieux who used to come there for goods for outside the limits, came down with two bales of cloth in a truck."

Then he goes on to give a record of the conversation, and he goes on to say, a little farther down on the same page. (Reads):

"Finally I said to Mr. South, and Mr. Kenneth Sutherland—Mr. South was foreman for Donnelly, and Sutherland was his brother-in-law. I said, 'Where are these two bales of cloth Mr. Goyette and the carter took; they took a roll each away with them?' I said, they took them out of the door, and the carter went away with them while I was inside, in the office. Finally I went to see if I could find them, but I could not find anything. Mr. DuCondu was not in at nine o'clock, as he usually was, so I went in to Mr. McLaughlin, and told Mr. McLaughlin what occurred, and Mr. McLaughlin answered me and said he had nothing to do with the warehouse, that it was up to Mr. Dupuis to look after it, that he was not responsible. I said, 'all right, I will not be responsible.'"

Did these facts occur?—A. Never, to my knowledge.

Q. Was there any investigation at all in regard to the theft of cloth, while McCarthy was there?—A. No. I will tell you what occurred. The Standard

Woollen Company had some cases of woollens arriving at the Place Viger Station of the Canadian Pacific Railway. About $3,000 worth had been taken out by the time they got to the station. They were taken to the warehouse, and they reported to me in the morning that two rolls had been taken out of the case that night presumably. Mr. Nevaire was the watchman, not Goyette, and I looked up Nevaire's record for the cloth, and found it was not satisfactory. I suspended Nevaire, and Mr. DuCondu, who was examining warehouse keeper, assigned Goyette to take charge of the warehouse and take all the keys from everybody but the fireman, who had to get in. Next morning there were two more rolls missing out of this case again.

Q. Did you question Goyette again?—A. Yes, but he knew nothing about it. I reinstated Nevaire and sent for the owner of the goods, and he told me that these cases had probably been followed right through, that they had been pilfered in New York before they reached Ottawa, that they were pilfered at the Place Viger Station, and were pilfered in our warehouse. The express department—we used to leave one door open for them—to take out goods released by the Canadian Express Company up to six o'clock, and the presumption was that they went out through that channel. Mr. Nevaire was on one night when two rolls disappeared.

Q. What was the purpose in leaving the door open all night?—A. Not all night, up to six o'clock.

Q. What was your reason?—A. I had reason to. The following night I remained in the warehouse myself; I went upstairs and waited after they had all left, to see if anyone would come around about that department. About twenty minutes after five, the freight elevator, not the express elevator, came up in the dark. I came out of the room where I was when it was coming down, ordered them to stop the elevator and then turned on the light. There was a young express messenger there; I asked him what he was doing there, and the only excuse he could give me was that the lights were out, and that he went up to turn them on. Mr. McCarthy never reported to me anything like what he refers to in his evidence, nor Mr. DuCondu either.

Q. Did DuCondu ever report to you these conversations which Mr. McCarthy says he had with him?—A. No, sir. Mr. DuCondu was the examining warehouse keeper; he was very attentive to his duty, and he tells me that he never had any conversation with Mr. McCarthy on the subject of these matters.

By Hon. Mr. Stevens:

Q. The fact is that if what McCarthy stated was true, there were certain rolls disappearing?—A. Not what he speaks about. We discovered this ourselves.

Q. Two rolls disappeared?—A. Two small rolls of cloth, not bales.

Q. Out of the bales?—A. Out of the cases. There were cases. The railroad company paid the Standard Woollen Company about $8,000 for the pilfered goods that took place from the time they left New York until they got delivery of them.

Q. Tell me this, Mr. McLaughlin, why would a case that had been damaged be sent up for examination without being reported on at once?—A. It is, Mr. Stevens. Before we remove a case from the warehouse freight shed, the contents are verified, and the ticket carried into the warehouse; that shows the contents and shows the pilferage; otherwise, we would not move it.

Q. Was that done in this case?—A. It was done in this case. In this case we knew it was a pilfered case before it left the shed. We get them in every week. We send for the importer's man, and he checks the contents with our men, and notes it on the ticket that carries the case into the warehouse.

Q. This access to the examining warehouse by other than officers properly engaged there, I notice is reported in Mr. Kennedy's report to-day?—A. Yes.

Q. Has that practice been going on for some period of time?—A. For years. When we leave the building at five o'clock, a bunch of cleaners and sweepers come in from the Public Works Department and have access to the whole building.

Q. Mr. Kennedy also reported that the public were allowed into the examining warehouse during business hours?—A. Yes, but not inside the counters.

Q. He said that they came inside?—A. Well, the warehouse does not come under my survey.

Q. Who does it come under?—A. The collector and the warehouse keeper.

By Mr. Calder, K.C.:

Q. Do you remember anything that may be referred to in the following incident, which is recorded at page 2537. Mr. McCarthy was still on the stand. (Reads):

"*By Hon. Mr. Stevens:*

Q. When you were in that warehouse, Mr. McCarthy, in the same warehouse as Goyette and DuCondu, during the period you were in that warehouse where DuCondu your boss was, did you know of any instances of liquor being taken out of bond, without the proper release papers being given?—A. Well, I will tell you, Mr. Stevens; when I was checking out for the Dominion Express Company, and the Canadian Express Company, I was at the north side of the building, where the goods came in, and that was where the Dominion Express Company was. I used to put all the tickets on the goods going upstairs, besides, and I had to close the doors at night until the watchman came around to put the lock on. Mr. Goyette came to me and said, 'John leave the door open, I want to get out some wood.' It was put in cases, or crates. I said, 'all right,' I did not know, so I waited. Bozeau, the carter who was taking it away, came up with a cart, but he let it drop into the wagon, something bursted that smelled very good.

By Mr. Bell:

Q. It was not Irish, was it?—A. Scotch."

He rather contradicted himself by saying that it was Three Swallows, which is Irish, as Mr. Kennedy knows.

Hon. Mr. STEVENS: That is news to me. We are always learning something.

Mr. CALDER, K.C. (Continues reading):

"Finally, Mr. Goyette came and said he was cutting wood for a week in the basement where this liquor was stored. Finally, he took out three crates of it. In a week there were forty-three or forty-five cases of liquor, to the best of my belief, taken out of the bond, downstairs.

By Hon. Mr. Stevens:

Q. During that week, Goyette had taken out in some crates, some stuff that you did not recognize, but suspected that it was liquor?—A. Yes, sir.

Q. Was it after hours?—A. After five o'clock.

Q. It was after five o'clock?—A. About five o'clock, maybe a few minutes after.

Q. Were those things brought up from the basement where the liquors were stored?—A. Yes.

Q. The liquors in the basement would be of what kind?—A. Sealed liquors.

Q. Were they seized liquors, seized goods?—A. No, I think it was in bond, not seized. To the best of my belief, I think it was there in bond.

Q. The week following the removal of those crates by Goyette, it was discovered that there was a shortage in this liquor in the basement? —A. Yes.

Q. That is the fact, is it not?—A. He reported the shortage to Mr. McLaughlin.

Q. What did Mr. McLaughlin say?—A. He looked around to see if he could find any clue of who took it. Finally he went down to the boiler-room and found two empty bottles and a case behind the boilers. Mr. Goyette did, and he took them to Mr. McLaughlin.

Q. Did you tell Mr. McLaughlin about those removals after hours? —A. I told him nothing.

Q. Why not?—A. For the simple reason that before, when I told him of the stolen goods, he let Mr. DuCondu put me out of my job. If I saw the warehouse itself going out, I would not report it to Mr. DuCondu or Mr. McLaughlin.

Q. I do not blame you; there are mitigating circumstances, I will admit?—A. Finally, Mr. McLaughlin went down to the fireman, and one of the firemen had given an entry for it. I said, 'if you get into any trouble, I think I can prove that they went out in cases of wood, last week.' I said, 'If you get into any trouble, I think I will prove that the thing went out packed up in cases of wood,' and that was all there was about it."

Q. Do you remember finding liquor in the fireman's room?—A. No, Mr. Goyette went down there and found one cork, one bottle and one label in the heap, but as to 43 or 45 cases, we have never lost five cases out of the bond, in the whole of my experience.

Mr. CALDER, K.C.: That is all.

The CHAIRMAN: You are discharged.

Witness discharged.

ALFRED GOYETTE called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Goyette, can you speak English?—A. I speak both languages.

Q. Will you give your evidence in English?—A. Yes, either way. I will give it in English.

Q. Do you remember the occasion when you watched in the warehouse to discover a theft of bales of cloth?—A. Yes, I remember the incident, sir.

Q. Before that, before you watched, did Mr. McCarthy tell you anything about seeing an automobile backing up to the warehouse at night, about twelve o'clock?—A. No, sir.

Q. Did he tell you at any time that he had taken the number of that car? —A. No, sir.

Q. He did not discuss the incident with you at all?—A. No, sir.

Q. What about this other thing; did you take any wood out of the bond? —A. Yes.

Q. What was that, old cases?—A. Not cases, old wood broken up. I never took out a case packed.

Q. How did you happen to have that wood broken up in the bond like that?—A. We have certain piles of that wood in that warehouse eight or nine years ago, and the chief of the firemen, Paddy Doolan, came around to the warehouse and said, "Mr. Goyette, all that wood there will have to be taken away, spontaneous combustion may cause fire." When I saw that, I gave every working man some wood, and it is still done to-day.

Q. How did the wood happen to be in the bond?—A. Because we had three hundred or four hundred lockers, and the lockers were uncrated in the cellar, and the wood was left there.

Q. You mean lockers for clothing?—A. Yes.

Q. Was that the wood that was taken out?—A. Yes, sir.

Q. Was any report made at any time, by McCarthy or anybody else, to the effect that liquor was stolen?—A. Not that I remember.

Q. Do you remember the incident when this carter dropped a case which contained liquor?—A. No, sir.

Q. Did the question come up with Mr. McCarthy?—A. No, sir. I think Mr. McCarthy referred to the Spanish Consul case.

Q. He seemed to at the beginning, when the question was asked, but afterwards revised his opinion and said it was at the same time that you told him to leave the door open, that you wanted to get some wood?—A. I never took any wood after five o'clock. I took out the wood in the office hours, when everybody was there under my charge.

By the Chairman:

Q. Do you know McCarthy?—A. Yes, sir, I do.

Q. What does he do?—A. He works in the fancy department, because he cannot do anything else in the warehouse.

Q. What do you call the fancy department?—A. The fancy department is the department where they keep the drugs, fancy articles, and so on.

Q. Is it the place where you store the foreign goods?—A. No, sir, the regular goods that come in like any other goods, such as drugs.

Q. How long has he been on the job?—A. Mr. McCarthy, if I am not mistaken, must be on the job in the last five years.

Q. Before that, where was he?—A. Before that, he was working at the express door, checking up the goods; he had two jobs. He is a good man, he was putting tags on the tickets to divide the goods. Suppose a carter came in for a certain division, Division 1, Division 2, Division 3, or Division 4, that signified whatever division it is; the hardware division may be No. 2, the third division may be groceries, the fourth division may be drugs or fancy goods, and division five is the tobacco division.

The CHAIRMAN: That is all, you may go. You are discharged.

Witness discharged.

Mr. CALDER, K.C.: May I be allowed, Mr. Chairman, to put in as an Exhibit the fourth annual report of the Quebec Liquor Commission for the year 1925, covering their fiscal year 1924-25, pages 44, 45 and 46, where the matter of industrial alcohol is discussed and substantially the same statements made except for the totals. The figures are repeated in the two preceding reports already filed or which I will file together with this as an exhibit.

Hon. Mr. STEVENS: I think they are among your private papers.

Mr. CALDER, K.C.: I will search them out and put them in as one exhibit. At page 44 of the Fourth Annual Report of the Quebec Liquor Commission, 1924-25, under the heading of Sundry Services, Industrial Alcohol is dealt with as follows:

EXHIBIT No. 221a

INDUSTRIAL ALCOHOL

1924-25.

A considerable reduction in the number of applications by Bonded Manufacturers (including Hospitals, making their own tinctures and pharmaceutical preparations) for the purchase of Alcohol 'in bond' direct from

distilleries, was a noticeable feature of the past fiscal year. Whereas in the previous year 1923-24, the Commission issued 203 such permits, the total during 1924-25 reached only 158 (a reduction roughly of 25 per cent) Whereof 133 covered the district and vicinity of Montreal, and 25 the city and district of Quebec.

There still appear to be some bonded manufacturers willing to abuse the privilege conferred by such permits to obtain Alcohol direct from distilleries at a reduced rate of Excise duty for non-beverage purposes, but the number of those unwilling to fulfil their obligations in this respect seems to be diminishing, the total cancellations for cause having declined from fifteen in 1923-24 to six in 1924-25. Two further permits were cancelled, but were later reinstated on giving assurances of living up to their contracts.

At the conclusion of the fourth year of the Commission's operations the decrease in the total quantity of industrial Alcohol sold to manufacturers in bond has become very marked. Starting out in 1921-1922 with a consumption of approximately 500,000 proof-gallons, we have dropped through successive years to approximately 300,000 proof-gallons, or 40 per cent; the decreased gallonage in the second fiscal year showing 25 per cent, during the third year another 5 per cent, and during the fourth year a further 10 per cent. It would therefore appear a logical deduction that our local supplies of Alcohol are being confined to their legitimate channels for industrial purposes, and that the close supervision of the Commission over this branch of activity has produced commendable results in effective control.

Deliveries of Ethyl Alcohol in bond by licensed distilleries direct to Bonded Manufacturers in this Province under supervision of federal excise officers during the past year 1924-1925 were as follows:—

	Proof Gallons
1st quarter, May to July, 1924..	72,410
2nd quarter, August to October, 1924.. ..	86,320
3rd quarter, November to January, 1925..	77,685
4th quarter, February to April 30, 1925..	79,265
	315,680

compared with 359,250 P.G. during the fiscal year 1923-1924; 382,520 P.G. during 1922-1923; and 507,410 P.G. during 1921-1922, showing a total decrease in consumption of about 40 per cent since the Commission assumed control.

Taking the consumption of Ethyl Alcohol for the year as recorded above for non-beverage pharmaceutical and industrial purposes, and including the average special excise duty for such purposes of $2.40 per proof-gallon, plus the distillery cost of the spirits we arrive at an approximate value at cost of $962,824.

SUMMARY

—	Number of permits issued	Alcohol deliveries	Decrease
1921–22	207	507,410 P. G.	
1922–23	201	382,520 P. G.	124,890 P. G.
1923–24	203	359,250 P. G.	23,270 P. G.
1924–25	158	315,680 P. G.	43,570 P. G.

The quantities of wines and spirits imported direct under these regulations from June, 1924, to April 30, 1925, inclusive, reached the following totals:—

	Gallons
Spirits for Industrial and Pharmaceutical use.	2,354
Wines for Medicinal purposes..	7,990
Spirits for use of Distilleries..	10,590

DOMESTIC ALCOHOL

There is also a considerable quantity of Ethyl Alcohol (Medicinal Spirits) consumed for domestic use in various ways, in addition to its employment for industrial and medicinal non-beverage purposes.

During the past year the Commission was supplied with 94,070 standard gallons of Domestic Alcohol direct from Canadian distilleries, whereof 45,865.7 gallons represented consumption in the Montreal district and 48,204.3 gallons in that of Quebec, compared with total consumption of 97,758 standard gallons in the previous year 1923-1924.

There is no change in the rate of the federal excise duty on potable alcohol which still stands at $9 per proof-gallon, equivalent to $14.85 per standard imperial gallon at 65 over-proof, the normal strength of commercial Alcohol."

Mr. CALDER, K.C.: I also wish to put in Appraisers' Bulletin No. 3, which has been referred to but not yet produced. This will be Exhibit No. 219.

It deals with Valuation for Customs duty; Values at place of Export; Fair Market Values; Values in certain cases fixed by the Minister of Customs or Governor in Council; Trade terms applied to importers and the status of their importations as referred to in the bulletins; Consigned goods; Packing charges —dutiable; Invoices not to be reduced for packages not charged thereon; Discounts in Invoices; Commission Charges—when dutiable.

Under the heading Valuation for Customs Duty it reads as follows:

EXHIBIT NO. 219

"Goods subject to an ad valorem duty are to be valued and appraised for purposes of duty in accordance with the provisions of sections 58 and 59 of the Customs Act, as follows:—

58. Whenever any duty ad valorem is imposed on any goods imported into Canada, the value for duty shall be the fair market value thereof, when sold for home consumption, in the principal markets of the country whence and at the time when the same were exported directly to Canada.

59. Such market value shall be the fair market value of such goods in the usual and ordinary commercial acceptation of the term, at the usual and ordinary credit, and not the cash value of such goods, except in cases in which the article imported is, by universal usage, considered and known to be a cash article, and so bona fide paid for in all transactions in relation to such article; and all invoices representing cash values, except in the special cases herein referred to, shall be subject to such additions as to the Collector or Appraiser of the port at which they are presented appear just and reasonable, to bring up the amount to the true and fair market value, as required by this section.

It is to be noted that under the foregoing provisions of the Customs laws, the value for duty is the fair market value of the goods in the usual and ordinary commercial acceptation of the term as when sold for

home consumption, at the usual and ordinary credit in the country of export, the cash value not being taken except in the case of goods sold by universal usage for cash only.

Values at Place of Export

Under the Regulations prescribed by the Governor in Council, the value of the goods at the place and time whence exported directly to Canada, is the value for duty to be stated in the bill of entry delivered at the Customs House.

Fair Market Values

The fair market value of goods sold for home consumption abroad may, as a general rule, be determined by the prices thereof when openly sold to any person having the requisite means or credit to purchase the goods, without conditions in anywise restricting the purchaser in respect to his selling prices for such goods after they come into his possession.

Sales not made in the ordinary mode of bargain and sale, or made to territorial or special agents, or made with restrictions on the purchaser as to the disposal of the goods, are not to be regarded as determining the fair market value of such goods for duty.

In determining values for duty, however, the quantities purchased or contracted for, and the usage and custom of trade in regard to difference in prices for goods sold for wholesale trade and those sold for retail trade, may be taken into account.

In no case, however, should duty be accepted for goods subject to an ad valorem duty at less than the true invoice value of the goods as in condition ready for shipment at the place of export. Special cases may be referred to the Department.

PACKING CHARGES—DUTIABLE

Section 67 Customs Act—'No deduction from the value of goods in any invoice shall be made on account of charges for packing, or for straw, twine, cord, paper, cording, wiring, or cutting, or for any expense incurred or said to have been incurred in the preparation and packing of goods for shipment, and all such charges and expenses shall, in all cases, be included as part of the value for duty.

COMMISSION CHARGES—WHEN DUTIABLE

Usual commission charges shown on invoices, for services rendered by an agent or buyer in purchasing goods in a foreign country for an importer in Canada, are non-dutiable.

Special commission charges, in excess of the usual allowance should, however, be taken into account as part of the value of the goods for duty purposes.

Commission charges vary according to the class of trade and extent of the transaction, from charges of 2½ per cent or lower to a higher range. As a general rule the amount of commission charged in excess of 5 per cent may be deemed to be a special charge to be added to the dutiable value of the goods.

FOREIGN BOND PRICE—NOT FAIR MARKET VALUE FOR DUTY

The prices of goods as sold in bond abroad are not to be accepted as the value thereof for duty.

As the value for duty under the Canadian Customs laws is determined by the home consumption price of the goods in the country of export, it follows that at least the foreign revenue duties required to be paid on such goods before entering into home consumption shall be added to the 'bond' price of the goods to bring them up to their fair market value as sold for home consumption. Foreign export duties are not, however, to be included in computing the value for duty."

Hon. Mr. STEVENS: Mr. Chairman, I have in my hand copy of sessional papers No. 84, produced this session, and referred to in Hansard at page 612. It contains four Orders in Council which I ask to have printed in the Minutes.

Copy

PRIVY COUNCIL, CANADA

P.C. 641.

CERTIFIED copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 17th April, 1924.

File 112437.

The Committee of the Privy Council have had before them a report, dated 15th March, 1924, from the Minister of Customs and Excise, submitting as follows:

Provision is made by an Order in Council, dated the 30th December, 1920 (P.C. 3233), for the entry for consumption of Spirits manufactured during the period of nine months, commencing 15th November, 1920.

During said period the distillery of Messrs. Gooderham and Worts, Limited, was not operated for the production of spirits.

During the greater portion of the late war, the said distillery was operated for the manufacture of Acetone, for the use of Great Britain and her Allies, and the stock of spirits in said distillery, because of cessation of manufacturing operations, has been reduced from over 3,000,000 proof gallons to less than 100,000 proof gallons.

The ownership of said distillery has recently changed hands.

The Minister, therefore, recommends, under the provisions of Section 171, Subsection 4 of the Inland Revenue Act, as amended by 10-11, George V, Chapter 52, Section 4, that authority be granted to permit Messrs. Gooderham and Worts, Limited, Licensed Distillers, Toronto, to manufacture Spirits from the 1st of April to 31st of December, 1924, inclusive, and to enter ex-warehouse for consumption any or all of such Spirits, manufactured during said period at any date after manufacture.

The Commission concur in the foregoing recommendation and submit the same for approval.

(Signed) E. J. LEMAIRE,
Clerk of the Privy Council."

The Honourable,
The Minister of Customs and Excise.

22/4/24 Rec'd in Cust. & Ex.
Records Br. 9.20 a.m."

"*Copy*

PRIVY COUNCIL, CANADA

P.C. 1646

CERTIFIED copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 14th September, 1925.

File 123175.

The Committee of the Privy Council, on the recommendation of the Acting Minister of Customs and Excise, advise that under the provisions of Section 171, subsection 4 of the Excise Act, Chapter 51, R.S.C., 1906, authority be granted to permit the Distillers' Corporation, Limited, Licensed Distillers, Montreal, to enter for consumption, for purposes of general character, at any date after the manufacture thereof, all or any portion of the stock of spirits produced in said distillery during the first nine calendar months of production of such spirits.

The Minister observes that this Distillery was originally licensed on the 21st February, 1925.

(Signed) E. J. LEMAIRE,
Clerk of the Privy Council.

The Honourable,
The Minister of Customs and Excise."

"*Copy*

P.C. 1903

CERTIFIED copy of a Minute of a Meeting of the Committee of the Privy Council, approved by the Deputy of His Excellency the Governor General on the 20th October, 1925.

File 123175.

The Committee of the Privy Council, on the recommendation of the Minister of Customs and Excise, advise that under the provisions of Section 171, Subsection (4) of the Excise Act, Chapter 51, Revised Statutes of Canada, 1906, as amended, authority be granted to permit the Manitoba Refinery Company Limited, Licensed Distillers, St. Boniface, Manitoba, to enter for consumption, for purposes of general character, at any date after the manufacture thereof, all or any portion of the stock of spirits produced in said distillery during the first nine months of actual production operations.

The Minister observes that this Distillery was originally licensed on the 1st of August, 1925.

(Signed) G. G. KEZER,
Assistant Clerk of the Privy Council.

The Honourable,
The Minister of Customs and Excise.

23/10/25 Rec'd in Cus. & Ex.
Records Br. 10.45 a.m."

"Copy (R.B.)

PRIVY COUNCIL, CANADA

P.C. 29

File 125617.

AT THE GOVERNMENT HOUSE AT OTTAWA.

THURSDAY, January 7, 1926.

PRESENT:

His Excellency the Governor General in Council:

HIS EXCELLENCY the Governor General in Council, on the recommendation of the Minister of Customs and Excise and under the provisions of Section 171, Subsection (4) of the Excise Act, Chapter 51, R.S.C. 1906, as amended, is pleased to grant and doth hereby grant authority to permit the Consolidated Distilleries of Manitoba, Limited, St. Boniface, Manitoba, to enter for consumption for purposes of general character, at any date after the manufacture thereof, all or any portion of the stock of spirits produced in said Distillery during the period from 15th January to 15th September, 1926.

(Sgd.) E. J. LEMAIRE,
Clerk of the Privy Council.

The Honourable
The Minister of Customs and Excise."

F. W. COWAN, recalled.

By Hon. Mr. Stevens:

Q. Mr. Cowan, the other day when you were giving evidence, I asked you if you had any suggestions to make?—A. Yes, sir.

Q. And you very kindly agreed to make a memorandum. I wish you would identify this memorandum, and put it in now, if you will. If you will be good enough, also, to initial the statement, put in by you in connection with the drug traffic?—A. Yes, sir.

Q. And the further suggestions regarding Rock Island, out of your experience in the Service?—A. Yes, sir.

By the Chairman:

Q. I understand you are the Chief of the Narcotic Division in Ottawa?—A. Yes, sir.

Q. You have been at Rock Island in the past, as a Customs Officer?—A. Yes, sir.

Witness retired.

"DEPARTMENT OF HEALTH,
OFFICE OF THE DEPUTY MINISTER,
OTTAWA, June 4, 1926.

The Hon. H. H. STEVENS, Esq., M.P.,
House of Commons, Ottawa.

DEAR SIR,—In accordance with your request of yesterday, I beg to offer the following suggestions, which it is thought may be of assistance to the Committee investigating the Department of Customs and Excise, in making their recommendations with a view to preventing, in so far as possible the illegal importation of narcotic drugs into Canada.

From experience gained in the administration of the Opium and Narcotic Drug Act, during the past seven years, I am convinced that the

great bulk of these illicit shipments which are smuggled into the country come direct through the Customs. As you know, there are four principal methods of shipment, namely:—

(1) By freight,
(2) By express.
(3) By parcel post,
(4) As baggage.

The goods in all cases arrive in bond, and the question must necessarily arise, if all such shipments arrive at the frontier or the ports of entry in Canada in bond, how do these drugs manage to get through the Customs without being detected and seized?

With respect to freight shipments: as you know, it is the practice in accordance with the Customs regulations, to hold for examination one case or package out of ten, where the goods are of the same class or kind: the balance of the shipment being delivered as soon as the Customs import entry has been passed. The same procedure applies, of course, in the case of express shipments.

In the case of the illegal importation of narcotics, it has been found from experience that in shipments coming into the country by freight or express, that only a certain number of cases or packages actually contain narcotic drugs, the balance of the shipment representing goods as covered by the invoice or bill of lading, and it is therefore possible (and in fact has in many cases been done), to manœuvre the particular case or cases containing narcotics so as to obtain delivery of these particular cases, without having the same held for examination; as might happen where the computing clerk in the port would specify some particular case or cases to be held for examination, by picking out from the invoice at random, the number of the case which might happen to contain narcotics. The procedure adopted in some cases is to have the entry passed in the regular way, by some broker or person having power of attorney, and to obtain at the time a permit for the delivery of the balance of the shipment, less the case or cases designated for examination. Invariably in all cases where narcotics are involved, the shipments are cleared through the Customs as speedily as possible, the moment they arrive, and the owner or those interested arrange to have a carter to proceed immediately to the docks or warehouse to take away the shipment, and in many instances, the exact cases designated to be held for examination are removed supposedly by accident, or otherwise, and other cases left, so long as the number required to be held agrees with the number marked for examination by the computing clerk, and it may happen, as it often does, that many of the numbers of the cases designated for examination are actually held, because in fact they contain no narcotics, but an odd case or two bearing the number specified by the computing clerk may be substituted for other cases which contain no drugs.

Once delivery has been taken of the balance of the shipment, all trace is soon lost of it, in so far as the Customs is concerned. Then again, there undoubtedly is collusion between these drug smugglers and certain officers of the Customs Service in some instances where small shipments are passed without any examination whatever.

To overcome the above difficulties, and to prevent narcotic drugs from leaking through into the country for illicit purposes, there is of course only one practical way of dealing with the problem, namely, to have the whole shipment in all such cases thoroughly examined, and at first sight, this might appear to be impracticable because of the volume of goods coming in at a large port like Montreal, particularly in the summer

season. Experience, however, has shown, both in Canada and the United States, that the great bulk of such shipments are invariably consigned to fictitious firms or persons, who do not in fact exist, and who have no fixed place of business.

Having in mind this fact, I would respectfully suggest that the difficulty could be overcome to a large extent by having some one officer in each of the large ports of entry, go through all manifests with respect to freight shipments (and the same in the case of express shipments), and pick out the names of firms or persons to whom goods are consigned, whose name and address could not be found in the city or telephone directory; or in other words, all shipments consigned to fictitious firms or persons. In all such cases, the whole shipment should be held for thorough examination by competent appraisers. I am sure that if this system were adopted, it would not only result in the finding of large quantities of narcotics, but that all kinds of merchandise and articles, either prohibited entry under the Customs Act, or calling for a high rate of duty, would be found.

I might point out in passing, that as a result of a conference with Officials of the Department of Customs some few years ago, at which time I made a similar suggestion, a circular letter was issued to the Collectors of Customs at all Ports, to hold all shipments for examination, where the goods were consigned to fictitious firms or persons, but for some reason or other, this plan has never been carried into effect. One reason advanced is in view of the volume of business at many of these ports, it is not practical, but as above pointed out, if some special official was designated for this particular duty, namely the picking out of all these names on the manifest, before the goods were allowed to be cleared through the Customs, it would be a comparatively simple matter to carry out this policy, which would undoubtedly protect the revenue of the country, in addition to preventing the illegal importation of narcotic shipments by freight or express.

With respect to shipments of narcotics coming by parcel post, it might be well to point out that it is illegal to import into Canada or export from Canada, narcotics through the International Mails. Notwithstanding this, however, it has been found through experience that considerable quantities of these drugs find their way into Canada via the parcel post route.

In the case of one E. Frevogel, who was convicted in Montreal about a year ago, and sentenced to five years in the penitentiary for illegal importation of narcotics from Switzerland, (concealed in a shipment of ribbons), we found as a result of an investigation conducted some time prior to his arrest that he had been in the habit of importing narcotics by parcel post, consigned under various fictitious names, over a period of years; but as these drugs had been actually received and disposed of, and as our information came from sources in Switzerland, we could not proceed against him on these charges. The fact remains, nevertheless that these drugs actually came through the Customs Postal Branch, and were delivered, apparently without any examination.

In another instance, we found large shipments coming through the Mails from Great Britain, with a declaration on the outside of the package as to the contents, such as "plum pudding," "handkerchiefs," "neckties," "books," etc., when the packages actually contained opium, morphine, heroin and cocaine; the packages in some instances being stamped "Duty free" by the Customs and turned over to the Post Office for delivery in the ordinary way. In one instance, where a mail carrier called to deliver a package, the landlady of a rooming house refused to

accept it because she stated there was no person of the name of the addressee living at that address, and from the continued handling of the package in question by many persons, the wrapper in some way had become torn, and a white powder began to leak out. As a result, when the mail carrier returned the package to the Post Office, examination was made and it was found to contain morphine. Subsequently quite a number of packages of a similar type came forward to the Post Office Department and were seized and held, as no person came forward to claim them.

In view of the above, it is therefore most essential that a proper examination be made of all parcels coming into the country via parcel post, particularly at the holiday seasons of the year, when parcel post mails are exceptionally heavy, because these drug smugglers know that at these particular seasons, where the volume is heavy, the Customs examiners are more apt to accept the declaration on the outside of the package, and stamp it duty free, and allow it to be turned over to the Post Office authorities for delivery, without any examination whatever.

With reference to the smuggling of narcotics via the baggage route, or in other words, concealed in trunks sent forward as baggage, or in many cases by express, I might state that it has been found that large quantities of narcotics, such as opium, morphine, heroin and cocaine are smuggled into the country in this manner. Invariably the baggage is sent forward and may remain in the baggage or express office as the case may be, for a few days before some person calls for it. Invariably the explanation given is that the trunk or trunks contain clothing or wearing apparel, for personal use, and in many cases delivery is made without any examination whatever, if the owner is prepared to give a liberal tip to the baggage man or customs employee on duty. Sometimes women are given the baggage checks and sent to claim these trunks. Only during the past year, several seizures were made at Bonaventure Station in Montreal of trunks arriving in Canada via St. Johns, N.B., and sent forward by express to Montreal. In two instances, the trunks contained over one hundred pounds of opium each, and these seizures were only effected as a result of inside information. In another instance, some five trunks in transit from Germany, via Quebec and Vancouver, B.C., to Kobe Japan, billed as containing wearing apparel and personal effects, were seized and found to contain about two thousand ounces of morphine.

For the above reason, it is most essential that the Officials on duty in the various ports throughout the Dominion, particularly in the larger centres, should examine thoroughly all trunks and baggage coming forward either as baggage or by express, particularly where the baggage is not accompanied by the traveller. In the latter instance, of course, it is the duty of the Officers on the trains or boats to examine the baggage in the presence of the owner. While, undoubtedly there is a certain amount of drugs carried in baggage which accompanies the traveller, the amount is insignificant in comparison with the amounts concealed in baggage which is shipped by express, or sent forward as baggage and unaccompanied by the owner, as of course the smuggler must devise some ways or means of getting possession of his trunks, (if he has not some pre-arranged plan), before the proceeds to the baggage or express office, as the case may be.

The great difficulty appears to be that the examining officers in a great many cases, particularly in the larger centres, either appear to have altogether too much to do, or they are entirely unsuitable for the work.

It is my personal opinion that the most of these narcotic shipments leak through, not so much on account of collusion on the part of Customs officials, but as a result of deliberate laxity or inefficiency on the part of the officers concerned.

Trusting that the above suggestions will be of some assistance to your Committee.

I am, sir, your obedient servant,

F. W. COWAN,
Chief, Narcotic Division.

P.S.—*With regard to the situation at Rock Island, P.Q.*, I have given the matter some little consideration since testifying unexpectedly before the Committee yesterday, and would suggest that conditions at Rock Island might be considerably improved if the Department of Customs would refuse to grant a bond to any firm or person in Rock Island who did not import all their goods from the United States direct to Rock Island, in bond, instead of, under the present system, importing a percentage of their goods to Rock Island, and the balance, in some cases the largest proportion, to Derby Line, Vt.

If this were done, in adition to increasing the invoice value of the goods (as I suggested to the Committee yesterday), for duty purposes by from twenty-five to fifty per cent, in the case of goods brought over from Derby Line to be entered at Rock Island, and with an effective border patrol of the boundary in that neighbourhood, by the R.C.M. Police, I think that the smuggling in that district could be reduced to a minimum. If the manufacturers at Rock Island were not permitted to have Customs bonds or warehouses connected with their business, it would be almost impossible for them to carry on, as it would necessitate their paying duty on all shipments immediately on their arrival at the freight station, and if they had the goods shipped to Derby Line and knew they were to be appraised at 50 per cent over the invoice value (and the invoices are furnished in nearly all such cases), it would make it almost impossible for them to do business. While it is true, that shipments from cotton manufacturers in the Southern States are billed to points south of Derby Line and Newport, Vt., considerable expense is involved, having such shipments carted from the railway to the places of hiding, and re-carted later to the border line, to be smuggled over the frontier at opportune times, and the amount of goods handled in this way is very small in proportion to the volume of goods smuggled into Rock Island direct from Derby Line or vicinity.

F. W. C."

Hon. Mr. STEVENS: There is one other set of papers I should like to produce. It will be recalled that some time ago, the Committee sent out, on my motion, a questionnaire to different ports, dealing with the question of the observance at these ports of a regulation issued by the late Chief Commissioner McDougall, and having reference to gaugers' samples of various articles, sugar, oil, molasses, etc. Briefly, the facts are—without reading the documents—that in all these several ports, which I will now name: Halifax, St. John, Toronto, Winnipeg, Calgary, Vancouver, and Victoria, the declarations showed that the late Commissioner McDougall's regulation was recognized, known and observed; and samples taken from various shipments of liquor, oil, sugar, and molasses, were, if possible, returned to the owner, or, if that was not feasible, destroyed.

I should like to put these documents in as exhibit No. 220.

The CHAIRMAN: At one of these ports, I think Halifax, Nova Scotia, so far as samples of molasses are concerned, they were very small samples taken. Importers refused to accept return of same, and these, averaging about one or

two gallons per month, were given to poorer members of the staff instead of dumping. This appears in the affidavit of Mr. D. A. Hutchinson, Chief Gauger of the Port of Halifax, which report is dated May 14, 1926.

"CUSTOMS AND EXCISE, CANADA,
G.B.
PORT OF HALIFAX, N.S., May 14, 1926.
Letter No. 867389
Records
May 17, 1926,
Customs-Excise,
File No. 127111.

GEO. W. TAYLOR, ESQ.,
Acting Deputy Minister, Customs and Excise,
Ottawa, Can.

SIR:—As instructed in your telegram of even date, you will please find here enclosed sworn declarations made by D. A. Hutchinson, Chief Gauger, and R. J. Saxton, Sugar Appraiser.

I might say to my knowledge that instructions as contained in Memo. 1136B in regard to liquors are fully complied with. No samples ever leave the Gauger's room except being returned to the importer, and none of my officers are ever permitted to go there for drinks. In the early days it was the regular practice at this port, as in all others, for samples to be retained and disposed of by the Gauger, but when Chief Inspector Busby was here some years ago, this was stopped, and great care has been taken since then to see that the memorandum issued, and the Chief's instructions are followed out fully.

I have the honour to be,
Sir,
Your obedient servant,
W. C. ACKER,
Collector, Customs and Excise.

Enclosed."

"HALIFAX, N.S., May 14th, 1926.

I, D. A. Hutchinson, Chief Gauger of the Port of Halifax, N.S., make oath and say that all samples of liquor are returned to importers, and receipt taken for same. Packages for the return of samples are brought by importer and a close check is made of all samples belonging to their shipments and receipt taken for same. Memo. 1136 B Clause 23, Sec. B. & C. are fully complied with. Oils, crude pretroleum only, no value, are never returned but dumped in sewer.

Molasses, very small samples are taken. Importers refuse to accept return of same, and these averaging about one or two gallons per month, are given to poorer members of the staff instead of dumping.

I make this solemn declaration believing the same to be true in every particular.

D. A. HUTCHINSON,
Chief Gauger.

Sworn to before me at Halifax, N.S.,
this 14th day of May, 1926.
W. C. ACKER,
Collector, Customs & Excise."

"HALIFAX, N.S., May 14th, 1926.

I, R. J. Saxton, Sugar Appraiser at the Port of Halifax, N.S., do hereby make oath and say that all samples of raw sugar are returned to refinery periodically, and are not given or disposed of by me.

R. J. SAXTON,
Sugar Appraiser.

Sworn to at Halifax, N.S.,
this 14th day of May, 1926.
W. C. ACKER,
Collector, Customs & Excise."

"I, H. P. Allingham, Chief Gauger at the Port of Saint John, in the Province of New Brunswick, make oath and say:—

That I have read wire from George W. Taylor, Acting Deputy Minister of Customs and Excise, asking:

1. Does the Chief Gauger or any member of his staff retain as a personal perquisite samples of liquor, oils, sugar or molasses taken from incoming shipments for purposes of gauging.—Answer—No.

2. If so, give statement of the quantity so retained during the past two years. Answer—None.

3. Is it the practice of the Chief Gauger or other officials of that Branch to give such samples away to fellow officers or officers of the Customs Department; if so, to whom have such samples been given. Answer No.

4. If any such samples are retained state precisely how they are dealt with. Answer—Delivered to importers when called for.

5. Are the Chief Gauger and members of his staff aware of a Bulletin of Instructions issued by the late Chief Commissioner McDougall, forbidding the retaining of samples taken from shipments for purposes of gauging? Answer—Yes.

6. Have the instructions been followed and properly understood? Answer—Yes.

H. P. ALLINGHAM.

Sworn to at the City of Saint John, in the City and County of Saint John and Province of New Brunswick, this 14th day of May, A.D. 1926,
Before me,
C. B. LOCKHART,
Collector of Customs and Excise."

"CUSTOMS AND EXCISE, CANADA
PORT OF TORONTO, May 15, 1926.

R. R. FARROW, Esq.,
Deputy Minister of Customs and Excise,
Ottawa, Ontario.

SIR,—With further reference to my letter of the 14th instant, answering your telegram of the same date, in connection with information asked for from the Chief Gauger, I might add that sugar and molasses are handled by the Grocery Appraiser, but as Mr. Cressman, Chief Gauger, has filled the position of Grocery Appraiser for some time during a vacancy, he is aware of the practice.

If you wish a statement from my Grocery Appraiser, Mr. F. R. Grant, please wire me and I will forward same.

I have the honour to be, sir,
Your obedient servant,
J. H. BERTRAM,
Collector of Customs and Excise.

C/JS."

" Dominion of Canada
Province of Ontario
City
of
Toronto
To Wit:

IN THE MATTER OF Information of Special Committee referred to in telegram from Acting Deputy Minister of Customs and Excise, Ottawa, May 14, 1926.

I, George Allan Cressman, Chief Gauger of Customs and Excise of the City of Toronto, of county of York, in the province of Ontario.

DO SOLEMNLY DECLARE THAT

1. Neither myself or any member of my staff retain as a personal perquisite samples of liquor or oils taken from in-coming shipments for the purpose of gauging.

2. It is not the practice of myself or other officials in my branch to give such samples away to fellow officers or officers of the Customs Department.

3. Any samples that are retained are held until the Importer calls for same in due course.

4. I, as well as the members of my staff are aware of a bulletin of instructions issued by the late Commissioner of Customs, John McDougald, forbidding the retaining of samples taken from shipments for purposes of gauging, and the instructions have been followed and properly understood.

And I make this solemn Declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of " The Canada Evidence Act.'

Declared before me at the City
of Toronto,
in the Province
of Ontario,
this 14th day of May,
A.D. 1926.
J. H. BERTRAM.

Seal

G. A. CRESSMAN,
Chief Gauger.

" CUSTOMS AND EXCISE, CANADA

File No. 14.

PORT OF WINNIPEG, Manitoba,
May 15, 1926.

The DEPUTY MINISTER OF CUSTOMS AND EXCISE,
Ottawa, Ontario.

SIR,—In accordance with instructions contained in your telegram of the 14th instant, I have the honour to enclose sworn statements of Officers Matheson and Simpson, regarding samples of Liquors and Oils, Sugars and Molasses, respectively.

There is no Chief Gauger at this Port. All gauging is done by Asst. Appraiser Matheson, for Oils and Liquors, and importations of Sugars and Molasses are dealt with by Appraiser Simpson.

Mr. Matheson has discharged the duties of Gauger for years, and his work has been very satisfactory, and in connection with Oils, he is admittedly an expert.

I may state that the liquor business of this province is exclusively in the hands of the Government Liquor Control Commission, and that when this license was issued, it was realized that the most careful supervision would be necessary.

Mr. Scott, Surveyor, personally superintended every detail of the receiving of the large stock warehoused, and has maintained the closest supervision to date.

Special instructions were issued to all officers concerned including method of dealing with samples, and I have personally ascertained from time to time from the Commission, that the work of our officers was entirely satisfactory. I am enclosing a letter in this connection from Mr. R. D. Waugh, Chairman of the Commission.

Regarding Molasses and Sugar, there are comparatively few shipments which are entered at this Port, the total combined for the last fiscal year being only 39, with two quarter-pound samples of each. No granulated sugar is entered, the molasses being a low grade black strap, the sugar being for use of confectioners and not suitable for ordinary domestic use.

I have the honour to be, Sir,
Your obedient servant,

T. H. VERNER,
Collector of Customs and Excise.

THV/EWP.
Encl."

" CANADA
PROVINCE OF MANITOBA
To Wit:

IN THE MATTER OF

I, Godfrey Arthur Matheson, of the city of Winnipeg, in the province of Manitoba, do solemnly declare that all samples of case liquors are tested at premises of consignee and remain on the premises when test is completed.

That samples of bulk liquor are returned to consignee when test is completed.

That samples of oils when not taken back by consignee, are destroyed.

That no samples of liquors or oils are retained or given away, being dealt with as stated.

That I am aware of the instructions issued forbidding the retaining of samples taken for purposes of gauging.

That the instructions have been followed and properly understood.

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of 'The Canada Evidence Act.'

SWORN before me at the city of Winnipeg, in the province of Manitoba, this fifteenth day of May, A.D. 1926.

G. A. MATHESON.

R. I. JONES,
A Commissioner, etc."

"CANADA: PROVINCE OF MANITOBA *to wit*: IN THE MATTER OF

I, Roland Simpson, of the City of Winnipeg, in the Province of Manitoba, do solemnly declare that regarding samples of sugar and molasses it

is the custom to order up one package of each kind shown on invoice. Two samples of sugar are taken, one-quarter of a pound each, under Departmental instructions one sample is forwarded to the Department for polariscopic test, the other sample is kept on hand until such time as the result of test is received from Ottawa, when it is destroyed.

Re molasses; two samples of each kind are taken of four ounces each, one being forwarded to the Department for test, the other being held until result of test is received, when it is destroyed.

Importations at this Port consist only of black strap molasses and confectionery sugar, the total number for the last fiscal year was 39.

That no samples are retained or given away.

That I am aware of the instructions issued forbidding the retaining of samples taken.

That the instructions have been followed and properly understood.

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of 'The Canada Evidence Act.'

Sworn before me at the City of Winnipeg, in the Province of Manitoba, this Fifteenth day of May, A.D., 1926.

ROLAND SIMPSON.

R. I. JONES,
A Commissioner, etc."

"MANITOBA GOVERNMENT LIQUOR CONTROL COMMISSION
425 Henry Ave

Your File No. 46.

WINNIPEG, May 15, 1926.

T. H. VERNER, Esq.,
Collector of Customs & Excise,
Winnipeg, Man.

DEAR SIR:—In reply to your favour of May 14th, relative to samples of cased and bulk liquors which have been taken by your gaugers from this warehouse for testing purposes: I hereby certify that in every instance since the inception of this Commission, all unused portions of bottled and bulk goods have been returned to us.

We might further advise, that at all times your representatives have carried out the supervision of our license in a manner most satisfactory to us.

Yours truly,
THE GOVERNMENT LIQUOR CONTROL COMMISSION,
Per R. D. WAUGH,
Chairman.

BM/"

CUSTOMS AND EXCISE, CANADA

12677/65.
PORT OF CALGARY, May 17, 1926.

GEORGE W. TAYLOR, Esq.,
Acting Deputy Minister of Customs and Excise,
Ottawa, Canada.

SIR:—In connection with the matter of disposition of samples taken from incoming importations at the Port of Calgary, and referring to my wire of May 14th, I am attaching hereto Statutory Declaration of John J. Lewis, Assistant appraiser at this Port, who is assigned to the duties of gauging and weighing.

I would particularly draw your attention to Paragraph 4 of Mr. Lewis' declaration, stating that he holds a receipt from the importer for each and every sample of liquors which were received by him for testing purposes upon the return to the importer of the samples received. I have checked the book containing the above receipts and believe this statement is true in every particular.

I have the honour to be, sir,
Your obedient servant,

T. F. ENGLISH,
Collector of Customs and Excise.

HBJ/Y
Enc."

"DECLARATION of *John J. Lewis,* Gauger at the Port of Calgary, Alberta. IN THE MATTER of the disposition of samples taken from incoming importations at the above Port of Calgary, To Wit:

I, John J. Lewis, Assistant Appraiser, on the Staff of the Customs-Excise Office, Calgary, Alberta, make oath and say:

1. That I am assigned to the duties of testing and weighing all importations arriving for clearance at the Port of Calgary, Alberta.

2. That in the performance of my duties, as above described, I have full knowledge of all the facts hereafter stated.

3. That no samples secured from importations for the purpose of gauging the same are retained by me for my own personal use, nor are any of them distributed to other members of the staff.

4. That in the case of liquors, all samples are promptly returned to the importer (the Liquor Control Board of Alberta being the only importer) and that I am in possession of a receipt signed by the said importer for each and every sample of liquor which has been received from the above stated importer, acknowledging that the said samples have been returned to him by me.

5. That samples of oils, gasoline and similar products, which are received in small quantities, are destroyed by me.

And I make this solemn declaration, knowing it to be of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

SWORN to before me at the city of Calgary, in the province of Alberta, this 15th day of May, A.D. 1926.

JOHN J. LEWIS,
Assist. Appraiser, Acting as Gauger.
JAMES DALGETTY,
A Commissioner for Oaths in and for the Province of Alberta.

"CUSTOMS AND EXCISE, CANADA
PORT OF VANCOUVER, B.C.,
May 14, 1926.

The DEPUTY MINISTER OF CUSTOMS AND EXCISE,
Ottawa, Ont.

SIR,—I have the honour to acknowledge the Department's wire of even date reading as follows:—

For information of special committee you will advise Department by wire of answer to following questions one does the Chief Gauger or any member of his staff retain as a personal perquisite samples of liquor oils sugar or molasses taken from incoming shipments for purposes of gauging two if so give a statement of the quantity so retained during the past two years three is it the practice of the Chief Gauger or other officials of that branch to give such samples

away to fellow officers or officers of the Customs Department if so to whom have such samples been distributed four if any samples are retained state precisely how they are dealt with five is the Chief Gauger and members of his staff aware of a bulletin of instructions issued by the late Chief Commissioner MacDougall forbidding the retaining of samples taken from shipments for purposes of gauging six have the instructions been followed and properly understood stop this information is to be confirmed immediately by sworn statement from the Gauger of your Port.

My reply thereto is hereby confirmed as follows:—

Answering the Department's wire regarding samples taken by Gauger question one no stop two covered by previous answer stop three no stop four crude and fuel oils and gasoline not returned first two sent to incinerator gasoline given to anyone who will take it away stop Gauger and Assistants aware of Circular eleven thirty-six B understand and follow provisions thereof.

As instructed I beg to enclose as further confirmation a statement as to the disposition of samples, sworn to by the Gauger of this Port, Assistant Appraiser E. S. Robson.

I have purposely deleted sugar from this declaration as this commodity is not handled by the Gauger but through Appraising Division No. 3 and also for the reason that refined sugar is not sampled by the Customs Appraiser when imported.

I have the honour to be, sir,

Your obedient servant,

Encl. G. A. ALLEN,
G.AA/GJ *Collector.*"

"VANCOUVER, B.C., May 14, 1926.

I, Ernest S. Robson, Assistant Appraiser at the Port of Vancouver in charge of and performing the duties of Gauger at said Port solemnly swear:—

1. That neither myself, nor so far as I am aware my Assistant, retain as personal perquisites, samples of any commodity taken from incoming shipments for purposes of gauging.

2. That it is not the practice of myself or Assistant to give samples taken as above stated to fellow officers or officers of the Customs Department, except gasoline as mentioned in following paragraph.

3. That samples of molasses, crude petroleum, fuel oil and gasoline, being of no value, are not returned to barrels, tank cars or ships from which taken. Fuel oil and crude petroleum after being tested are sent to the Boiler Room and burned. Samples of gasoline, being inflammable are not permitted to accumulate more than necessary and are given to any officer or employee in the Examining Warehouse who will take them away.

In the case of molasses, no more is taken than will make up the small duplicate samples, one of which is forwarded to the Department for test and the other kept at the Port until report is received after which it is destroyed.

4. That I and my Assistant are aware of the Bulletin of Instructions issued by the late Commissioner of Customs, John McDougal, instructing that samples of liquor be returned to the barrel from which taken or to the importer, under Departmental Memorandum No. 1136B.

5. That the instructions contained in this Memorandum are understood and have been and are being followed.

E. S. ROBSON.

SWORN before me this 14th day of May, 1926,
at Vancouver, B.C.,
G. R. NORTHEY,
A Justice of the Peace."

"CUSTOMS AND EXCISE, CANADA
PORT OF VICTORIA, B.C., May 17th, 1926.

Deputy Minister of Customs and Excise,
Ottawa, Ont.

Sir,—I have the honour, as stated in my night letter of the 14th instant, following your day letter of same date, *re* samples of liquor, oils, sugar and molasses taken from incoming shipments for purposes of gauging, to forward herewith the sworn statement of Mr. Assistant Appraiser Howell, who acts as Gauger at this Port, confirming the statements made in my night letter of the 14th instant.

Sworn statement in duplicate.
I have the honour to be, sir,
Your obedient servant,

F. W. DAVEY,
Collector of Customs and Excise."

"CUSTOMS AND EXCISE, CANADA
PORT OF VICTORIA, B.C., May 15th/26.

I, Robert George Howell, duly appointed Customs and Excise Gauger and Assistant Appraiser for the Port of Victoria, B.C., solemnly declare:

That at no period during my term of office as Gauger of this Port have I retained as my own private perquisite samples of Liquors, Oils, Sugar or Molasses.

Neither have I during that time made a practice of giving or allowing to be given to fellow officers or officers of the Customs Department such samples as enumerated.

And that other Officers who have from time to time assisted me in such duties have similarly observed instructions to the same end.

That accumulated samples of Mineral Oils, being of but slight commercial value to the importer have been periodically destroyed under Customs supervision.

That I am aware of the provisions of instructions issued by the late Commissioner McDougall regarding the retention of samples received by Gauger for test and declare that I have understood and followed the same.

And I make this declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

R. G. HOWELL,
Gauger.

Declared before me at the Port of Victoria,
B.C., in the Province of British Columbia,
this 15th day of May, 1926.
F. W. DAVEY,
Collector of Customs and Excise."

The Committee adjourned until Tuesday, June 8, 1926, at 11 a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 63—TUESDAY, JUNE 8, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Frank Wexler, Ottawa, Ont.

Mr. J. G. Farquhar, Farquhar Steamships Limited, Halifax, N.S.

Mr. R. P. Sparks, Commercial Protective Association, Ottawa, Ont.

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise.

Mr. A. E. Nash, Messrs. Clarkson, Gordon & Dilworth, Chartered Aocountants, Toronto, Ont.

Mr. Eric Gornalle Bethel, Rock Island Overall Company, Rock Island, Que.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1926

EXHIBITS FILED

No. 222—Printed schedule of sailings of the Farquhar Steamship Line.

No. 223—Commercial Protective Association recommendations to the Committee to offset smuggling.

No. 224—Eleventh Interim Report of the Auditors to the Committee (Blumer Bros., Montreal).

No. 225—Return showing particulars of liquor-laden vessels cleared from port of St. John, N.B., from April 1, 1923, to March 31, 1926.

Return showing particulars of potato-laden vessels and others carrying part cargo of liquor to Cuba and the British West Indies cleared from the port of St. John, N.B., from April, 1923, to March 31, 1926.

Vessels cleared with liquor cargoes from the port of Halifax during the calendar year 1925.

Vessels cleared with liquor cargoes from the port of Halifax during the calendar year 1923.

Vessels cleared with liquor cargoes from the port of Halifax, during the calendar year 1924.

No. 226—List of prosecutions under amendments to Customs Act, 27 June, 1925, as of 26 May, 1926.

MINUTES OF PROCEEDINGS

TUESDAY, June 8, 1926.

The Committee met at 11 a.m., Mr. Mercier, the Chairman, presiding.

Present: Messrs. Bell, Bennett, Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Pere and Stevens—9.

Committee counsel present: Messrs. Calder and Tighe.

The minutes of yesterday's meeting were read and adopted.

At the suggestion of Mr. Calder, the following witnesses were summoned to appear on Thursday, June 10, viz:—

1. J. Perkins, Alco Dress Co., Toronto, Ont.
2. H. Cohen, Alco Dress Co., Toronto, Ont.
3. Miss G. M. D'Entremont, O. B. Earle & Co., Hamilton, Ont.
4. H. Sloggett, European Silk Co., Toronto, Ont.
5. H. Brown, European Silk Co., Toronto, Ont.

Mr. Frank Wexler, Ottawa, Ont., was recalled and sworn. He produced his business records for the information of the Auditors to the Committee.

Witness retired.

Mr. J. G. Farquhar, Farquhar Steamships Limited, Halifax, N.S., was called, sworn and examined respecting transportation of liquor for the various George companies. He filed, Exhibit No. 222—Printed schedule of sailings of the Farquhar Steamship Line.

Witness discharged.

Mr. R. P. Sparks, Commercial Protective Association, Ottawa, was recalled and sworn. He read part of and filed as,—Exhibit No. 223—Commercial Protective Association recommendations to the Committee.

Ordered,—That the said Exhibit be incorporated in full in the printed record of the Committee.

Mr. Sparks was then examined respecting the said Exhibit.

Mr. Sparks asked permission to correct an impression made by Mr. Duncan's evidence regarding Mr. Knox, as given on page 508.

Witness discharged.

Mr. William Foster Wilson, Chief of Preventive Service, was recalled and requested to prepare and supply:

1. Statement showing the number of Customs officials employed in the Port of Montreal and in Province of Quebec (generally).
2. Statement showing amount of revenue collected in the Port of Montreal during the last five years.

Witness retired.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Mr. A. E. Nash, Messrs. Clarkson, Gordon & Dilworth, Chartered Accountants, Toronto, was recalled and examined respecting a conference he had with Mr. Bethel, summoned to appear to-day as a witness.

Witness retired.

Mr. Eric Gornalle, Bethel, Rock Island Overall Company, Rock Island, Que., was called, sworn and examined respecting his inability to procure a copy of that company's bank account from the Manager of the National Bank at Derby Line, Vt.

Witness discharged.

At the suggestion of Mr. Calder, *Ordered*,—That Mr. Meredith of Toronto, in attendance as a witness, be discharged.

Mr. A. E. Nash was recalled and filed as,—

Exhibit No. 224—Eleventh Interim Report of the Auditors to the Committee (*re* Blumer Bros., Montreal).

Witness retired.

Mr. William Foster Wilson was recalled. He read a memorandum of suggestions for the improvement of the Preventive Service, and was examined respecting same. Mr. Wilson filed,—

EXHIBIT No. 225

Return showing particulars of liquor-laden vessels cleared from Port of St. John, N.B., from April 1, 1923, to March 31, 1926.

Return showing particulars of potato-laden vessels and others carrying part cargo of liquor to Cuba and the British West Indies cleared from the Port of St. John, N.B., from April 1, 1923, to March 31, 1926.

Vessels cleared with liquor cargoes from the Port of Halifax, N.S., during the calendar year 1925.

Vessels cleared with liquor cargoes from Port of Halifax, N.S., during the calendar year 1923.

Vessels cleared with liquor cargoes from the Port of Halifax, N.S., during the calendar year 1924.

EXHIBIT No. 226

List of prosecutions under amendments to Customs Act, June 27, 1925, as of May 26, 1926.

Witness retired.

The Committee adjourned until Thursday, June 10, at 10 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

TUESDAY, June 8, 1926.

The Special Committee appointed to investigate the Department of Customs and Excise and charges relating thereto, met at 11 o'clock a.m., the Chairman, Mr. Mercier, presiding.

The CHAIRMAN: Mr. Weinfield, I think you have a statement to make to this Committee.

Mr. WEINFIELD, K.C.: I have just had a conversation with Mr. Nash, who is preparing a report of my client's business and it will be in this afternoon, and perhaps it will be just as well to wait.

The CHAIRMAN: Your clients are Blumer Brothers?

Mr. WEINFIELD: Yes.

FRANK WEXLER recalled.

By Mr. Calder, K.C.:

Q. Mr. Wexler, you were required to produce all your company's books and records; have you got those here?—A. Yes, sir.

Q. Will you tell us what they consist of?—A. Dry goods—

Q. What have you got there, what books?—A. The goods which I purchased.

Q. Purchase invoices?—A. Yes.

Q. Are all purchase invoices there?—A. Yes.

Q. Covering what period of business?—A. Dry goods and furs.

Q. Covering what period; from what date to what date?—A. From October, I guess from last August.

Q. Have you been in business only from last August?—A. I was in business; I just bought locally here in Ottawa from Caplan's.

Q. Where are the records of your purchases from Caplan's?—A. I have not got records.

Q. What is the next book?—A. Notes and bills I paid out.

Q. Notes and bills receivable?—A. Yes.

Q. What is the next book?—A. Day book, goods I buy, purchase ledger.

Q. The other is what?—A. Account ledger.

Q. Will you turn them over to the accountant?—A. Yes.

WITNESS retired.

J. G. FARQUHAR, called and sworn.

By Mr. Calder, K.C.:

Q. Are you Mr. J. G. Farquhar of Farquhar and Company, Limited, Halifax?—A. Yes, sir.

Q. What is your position in the Company?—A. President.

Q. Did the J. G. Farquhar Company, Limited of Halifax at any time enter into business relations with the W. George Limited, Montreal, W. George Import and Export Company, St. John's, Newfoundland, and the St. George Import and Export Company, St. Pierre-Miquelon?—A. We have carried liquors for them, from St. John's, Newfoundland to Halifax and St. Pierre to Halifax. Perhaps if the Chairman of the Committee will allow me I will make a statement.

Q. Will you reserve your statement for a few minutes?—A. Yes.

Q. What boats were you operating for them?—A. The *Sable I* principally.

Q. Any other?—A. The *Stella Maris* and *Fernfield.*

Q. Will you give us a list of the ports between which they plied?—A. Between Halifax and St. John's, Newfoundland and St. Pierre and the coast of Newfoundland ports.

Q. Between Halifax, St. Pierre and Newfoundland ports?—A. No, we ran two services, one between Halifax and St. John's, Newfoundland direct, and the other is a postal service, which makes frequent calls at St. Pierre. These are regular services.

Q. Did you divert at all from this service for the companies I have mentioned, or the Dominion Distilleries?—A. None whatever. We ran a regular schedule according to the pamphlet I pass you now.

Q. You might file a copy of your sailings.—A. Yes.

Q. And this shows yours is a regular route?—A. Yes.

Q. This is filed as Exhibit 222 and your statement is, at no time were any of these vessels diverted?—A. At no time were they diverted.

Q. What was the cargo you carried for these companies?—A. Liquor shipments, and we carried shipments similar to other lines, the Canadian Merchant Marine from Montreal, the Canada Steamships, the Furness Line and the French Line.

Q. What disposal was made of the liquors at Halifax?—A. Billed with a through bill-of-lading to different places, Montreal, Vancouver or perhaps to Havana.

Q. What was done with them?—A. They reached their destination as far as I know.

Q. When the vessel reached Halifax that ended your sailing. Was the cargo put over the side?—A. Yes, they were put over the side. We reported them to the Customs and the Customs immediately went on the ship, as soon as it arrived. They would send a Customs officer to the ship. We have a Customs officer employed on the wharf, and he is there all during the day. We further have a private detective of our own when any liquor was landing from the ship. Further than that we always employ a city policeman to look after things while goods are being landed.

Q. What kind of warehouse were the goods put in?—A. Well, it was just a warehouse on the wharf; they would not remain there any length of time. They would be carted to a bonded warehouse.

Q. Did you attend to the shipments from the bonded warehouse?—A. Well, the shipments were made on a through bill-of-lading. They may have been landed on the Canadian National Railway, and would go through on a through bill-of-lading. The only shipment I remember that went into a warehouse was a shipment that went to Havana. It went into the warehouse and out of the warehouse and always under the supervision of the Customs.

Q. Some curiosity has been expressed as to the reason for shipping the liquor from Halifax to St. Pierre and back again to Halifax. Were any such shipments made by you, or on your ships?—A. They were made by our ships, and if they carried them twenty times it would be more to my pleasure.

Q. I do not know whether you will have the same pleasure in the next statement. Mr. Cooper made a statement, if my recollection serves me right, that a vessel going from St. Pierre, Miquelon, would go to Rum Row and then to Halifax.—A. No ships were ever doing that work for our company.

Q. So Mr. Cooper is mistaken in that respect?—A. Yes.

Q. Did you have any other business relations besides that of shipping? Did you act as agents in the vending of liquors?—A. I notice that in the minutes of the second of June reference to a contract or agreement and I might

here say that during my lifetime I have never sold a case of liquor. I have never received commissions on the sale of any liquor in my life, and I can make the same statement for the firm I represent.

Q. At any rate it was in contemplation?—A. No, not as far as I was concerned.

Q. How do you explain the draft contract being drawn up?—A. It was not drawn up at my request.

Q. It was drawn up after certain pourparlers or discussion with you?—A. No.

Q. Did you ever see the draft?—A. I could not recognize the draft.

Q. Will you look at it now?—A. I have looked at it. I believe Mr. George did have some sort of an agreement to place before me, and I returned it immediately.

Q. With a refusal to enter into it?—A. Practically so, I did not entertain it in any way.

Q. Was there any discussion at all between you and Mr. George over this draft contract at all before or after it was submitted to you?—A. None whatever.

Q. So you can offer no enlightenment to the Committee in connection with clause 12 of the contract which recites that a commission is to be paid for certain sales to be made? It further states that nothing in the agreement shall interfere with bona fide shipments of liquor to St. John's or St. Pierre, Miquelon, on which shipments there shall be no commission. It suggested to the Committee, or to counsel at least, that the sales contemplated by the agreement were not bona fide sales for export?—A. All I can say is this, I have never sold or never contemplated any sales of liquor in my life.

By Hon. Mr. Bennett:

Q. What were the names of your ships?—A. The *Sable I*, the steamship *Stella Maris*, and the steamer *Fernfield*.

Q. Those were all the names?—A. Yes, we are operating now other steamers as per the schedule you see there. I might say, Mr. Chairman, that being called as a witness from Halifax creates rather an unpleasant atmosphere in connection with a case of this kind and I would like to know if my evidence has been satisfactory to the Committee?

By Mr. Calder, K.C.:

Q. Just before that, Mr. Farquhar, there is a letter addressed to the Farquhar Steamship Company, Halifax, Nova Scotia, dated July 31st, 1925, which has been read into the records and it was after your letter dated May 4th, 1925:

> "That we ordered a shipment of 100 cases to be held at Halifax by you in a sufferance warehouse and to be sold by ourselves."

That is what is contained in the letter, and it goes on further to state: 'which was the understanding we had with your Mr. Farquhar, personally—" Is Mr. George in error when he states that?—A. I refer you to the letters of January 19th and March 14th, in your exhibit.

Q. Does not the general tenor of the letters indicate the contemplation of carrying out the agreement of which we have a draft, of a particular shipment, which was cleared at Halifax for St. Pierre, Miquelon, and coming back to Halifax again and clearing for Havana? Is it not a fact that that went to Havana by mistake?—A. The shipment in question did not originate at Halifax, it originated at St. John's, Newfoundland and was billed to Havana and reached its destination.

Q. Was not that particular shipment a part of the carrying out of the agreement?—A. No, sir.

Q. It has that appearance.—A. (No audible answer.)

By Mr. Dillon, K.C.:

Q. You say your vessels were not diverted from their regular route of sailing, at any time; they went to the ports on the regular schedule?—A. They went to the ports on the regular schedule.

Q. So your evidence deals exclusively with the sailings of your own vessels, and the cargoes they carried?—A. That is right.

Q. So you are not personally in a position to say whether or not Mr. Cooper was right or wrong when he said that certain shipments went to "Rum Row"; your evidence is that your boats did not go to "Rum Row"?—A. Our boats did not go to "Rum Row."

The CHAIRMAN: That is all; you are discharged.

Witness discharged.

The CHAIRMAN: Mr. Calder, take Mr. Sparks now, please.

R. P. SPARKS, recalled and sworn.

R. N. MCCORMICK (Assistant Tariff Manager; Canadian Manufacturers' Association), called and sworn.

The CHAIRMAN: Mr. Sparks, I understand there are a few questions which it would be impossible for you to answer, and your colleague, Mr. McCormick, will answer with regard to technical matters.

By Mr. Calder, K.C.:

Q. Mr. Sparks, I understand that you have drawn up in pamphlet form suggestions to the Committee, for the general tightening up of the Customs Department, based upon the experience which you have had, and upon the conferences which you have had with other manufacturers, and other interested parties?—A. Yes, sir.

Q. Will you file one copy of the recommendations made to the Special Committee of the House of Commons investigating the Administration of the Department of Customs and Excise, by the Commercial Protective Association, as exhibit No. 223?—A. Yes.

Q. Will you read this report, and suggestions, into the record?—A. Before reading it, Mr. Chairman, might I say that during the examination of certain business men who appeared before this Committee, and during my own examination, we were asked for certain suggestions. So far as I was concerned, I asked the privilege of submitting my recommendations at a later date. This pamphlet contains the recommendations, and I might just explain the origin of this particular recommendation very briefly.

Early in April, there was a group of twenty-two business men who appeared before this Committee. At that time, the Commercial Protective Association had drafted certain broad recommendations which were put before this group of business men, and others who were here. A small committee was selected, composed of Colonel J. L. Regan, Secretary of the newly formed Canadian Board of Trade; F. D. Tolchard, Secretary of Toronto Board of Trade; E. Blake Robertson, Secretary of Canadian Manufacturers' Association; R. P. Sparks and Mr. McCormick as Technical Adviser, to put these recommendations in more definite form. This sub-committee did a good deal of work, and subsequently asked the Toronto Board of Trade, and Montreal Board of Trade, to call meetings, which were very representative, and at which meetings each clause was gone into separately.

I merely make that statement to show that these recommendations really represent the considered and deliberate judgment of the business community of Canada. I might say that there no doubt will be many matters reported on by this committee, which I did not feel disposed to refer to in any way; that is, matters arising immediately out of the investigation.

In order to assist the Committee, we thought it well to draft certain information in tabulated form. I would just like to say that all the material used in these recommendations was taken from the official Canadian records, so far as Canadian matters are referred to; and the reference to British records was obtained from the Chief Trade Commissioner in Canada, Mr. F. W. Field; and the American records were obtained from the Consul General of the United States.

In presenting these recommendations to the Committee, there is a letter to which the recommendations are attached, dated May 17, 1926.

EXHIBIT No. 223

RECOMMENDATIONS MADE TO THE SPECIAL COMMITTEE OF THE HOUSE OF COMMONS INVESTIGATING THE ADMINISTRATION OF THE DEPARTMENT OF CUSTOMS AND EXCISE, BY THE COMMERCIAL PROTECTIVE ASSOCIATION, INCORPORATED, OTTAWA, MAY, 1926.

OTTAWA, May 17, 1926.

The Chairman and Members,
Special Committee Investigating the Administration
of the Department of Customs and Excise,
House of Commons, Ottawa.

SIRS,—We respectfully beg to submit herewith certain recommendations in reference to the administration of the Department of Customs and Excise, which we trust will be of interest to your Committee.

These recommendations have been submitted to a number of meetings of representative business men, including one called by the Toronto Board of Trade and one called by the Montreal Board of Trade. All these meetings unanimously approved of the recommendations as submitted herewith.

These meetings were called at the suggestion of the Executive Committee of the Commercial Protective Association, and were attended by the Councils of the above mentioned Boards of Trade, and by representatives of the following organizations,—

Canadian Manufacturers Association
Wholesale Dry Goods Association of Canada
Canadian Association of Garment Manufacturers
Merchants' Association of Montreal
Canadian Jewellers' Association
Manufacturers Credit Bureau, Limited
Canadian Silk Manufacturers Association.

in addition to representatives of the following branches of trade and industry,—tobacco trade, silk jobbers, electrical manufacturing industry, cotton mills, woollen jobbers, etc., and included retailers, wholesalers and manufacturers.

These recommendations, therefore, may be regarded as having the unanimous support of the branches of trade and industry most seriously affected by smuggling and other frauds on the Customs and of business men in general.

These recommendations are based on a close study of the administration of the Department of Customs and Excise during the past two years, in addition to a careful consideration of the evidence as given before your Committee.

To sum up briefly, in order to secure an efficient administration of the Customs laws, we recommend,—

1. Drastic reduction in the number of Customs ports of entry.
2. A thorough reorganization of the Preventive Service.
3. Prompt and energetic prosecution in cases of wholesale smuggling and undervaluation.
4. Prosecution and punishment for the giving and taking of bribes.
5. The appointment of a Board of Dominion Appraisers and a thorough reorganization of the appraisal system.
6. Proper examination of imported goods to prevent fraud.
7. Enforcement of the provisions of Section 43, s.s. 3.
8. Supervision over vehicular traffic entering Canada.
9. Proper supervision of vessels in port and of bridge and ferry traffic.
10. Such disposition of seized goods as will not affect business of legitimate traders.
11. Goods improperly marked under Gold and Silver Marking Act to be prohibited importation.
12. Action to rectify situation existing at Rock Island and other border towns.
13. Revision of regulations respecting moieties and awards to seizing officers and informers.
14. Amendments to Customs Act *re* procedure in disposing of seizures and providing more severe penalties for infractions of the Customs laws.

All of which is respectfully submitted,

COMMERCIAL PROTECTIVE ASSOCIATION, INCORPORATED,

Per: R. P. SPARKS,
Chairman, Executive Committee.

CUSTOMS PORTS OF ENTRY

We recommend, for reasons of sound economy and increased efficiency, that there should be a drastic reduction made in the number of ports of entry in Canada, necessitating the closing of possibly 400 ports.

In support of this recommendation we would call attention to the following facts:—

The United States, with a population of 117,534,000, has 270 Customs ports of entry. These 270 ports, during the 12 months ended June 30, 1925, collected in Customs duties the sum of $543,351,044.55.

The United Kingdom of Great Britain and Ireland, with a population of approximately fifty millions, has 80 ports of entry. These 80 ports collected in 1923 in customs duties the sum of $643,972,707. Since 1922 the United Kingdom has closed 18 ports of entry, reducing the number from 98 to 80.

On the other hand, Canada, with an estimated population in 1925 of 9,364,300, has a total of 681 places at which Customs revenue is collected. The total revenue in Customs duties collected at these 681 places during the 12 months ended March 31, 1925, was $210,215,655.

On the basis of population the following figures are of interest: the United States has a port of entry for every 431,121 of its population; the United Kingdom has a port of entry for every 625,000 of its population; Canada has a port of entry for every 13,750 of its population.

We submit that this comparison between the three countries shows very clearly that Canada has too many Customs ports of entry, thereby increasing the cost of collecting the Customs revenue in Canada.

If 270 ports of entry are sufficient to take care of the needs of a population of one hundred and seventeen millions of people, surely that number of ports would be ample to take care of the needs of Canada for a great many years to come, and if 270 are sufficient over 400 will have to be closed.

In making this recommendation we wish to enunciate certain basic principles which might be followed or kept in mind when the question as to what ports should be retained is being considered:

1. The statutory designation of places on the Canadian border and coast line where traffic can legally enter Canada. No additional places to be designated except by the Governor in Council and after publication of the Order in the *Canada Gazette*.

2. Sufficient boundary ports should be maintained to facilitate the entry of goods imported by legitimate importers and to take care of the natural highway and ferry traffic between Canada and the United States.

3. Ports of entry on the Atlantic and Pacific Coasts and the Great Lakes to be determined by the shipping requirements.

4. Inland ports to be retained only in cases where there is sufficient revenue to justify same. An arbitrary amount might be fixed by the Committee which should govern unless under exceptional circumstances.

From the viewpoint of economy in administration there would be a substantial saving to the country at a time when economy is of the most vital importance to the taxpayer. The country would be saved the cost of maintaining these unnecessary customs houses and the services of such of the staff of closed ports as would be of value elsewhere could be used to augment the staffs of undermanned ports. The closing of unnecessary offices would enable the Government to pay better salaries and better salaries would result in greater efficiency.

The appraisal system is the cornerstone on which the fabric of Customs administration is built, and it is impossible for the appraisal system to be either efficient or effective when there are so many ports to be manned and when the money available to pay the salaries of the staff has to be spread over such great numbers, with the result that the salaries paid are so low that technical experts cannot be obtained. We are convinced that it is only by a corps of efficient, capable and well-paid appraisers that frauds on the revenue, other than smuggling frauds, can be controlled and lessened and the rights of honest and legitimate importers protected.

At each of these 681 places revenue is collected. At many points there is only one officer, who performs all the duties distributed amongst many officers at larger ports without any check whatever apart from such review of entries as is made at Ottawa when entries are forwarded.

Many of these officers receive very little salary, and the temptation and opportunity to enter goods in collusion with those desiring to commit fraud is, therefore, very great.

It might be imagined that having a large number of ports of entry would tend to prevent smuggling. Such, however, is not the case. The chief function of a Collector of Customs is to receive the payment of duties from those who have no intention or desire to evade payment. Collectors cannot be depended upon to prevent smuggling, as they must remain at a definite station for that purpose, and that place will be avoided by smugglers. The prevention of direct smuggling can only be dealt with by a mobile force. On the other hand, the great number of Customs Houses tends to facilitate undervaluation and other frauds, by granting the power of passing goods to officers drawing very small salaries, the collection of the proper amount of duty being dependent upon their integrity. Nor can much reliance be placed on such officers to detect frauds, owing to their lack of knowledge of both values and classifications.

In connection with our representations for a reduction of Customs ports of entry in Canada we beg to call the Committee's attention to the following tabulated information in respect to the number of ports, the classification of ports and revenue collected, salaries paid, also a comparison between the United States and Canada and the United Kingdom, including the Irish Free State.

TABLE I

SHOWING, by provinces, the total number of Ports, Outports and Preventive Stations in Canada at which revenue was collected during the fiscal year ended March 31st, 1925, also Preventive Stations at which no revenue was collected.

	Ports	Outports	Preventive Stations	Total for province	Preventive Stations at which no revenue was collected
Nova Scotia	28	62	41	131	47
Prince Edward Island	2	10	5	17	3
New Brunswick	12	25	19	56	7
Quebec	24	51	22	97	11
Ontario	56	107	25	188	21
Manitoba	5	19	10	34	1
Saskatchewan	5	17	10	32	1
Alberta	4	15	7	26	1
British Columbia	13	44	35	92	6
Yukon	6	3	3	8	
Total	151	353	177	681	97

Total number of Ports, Outports and Preventive Stations at which revenue was collected during the fiscal year ended March 31st, 1925	681
Number of Preventive Stations at which no revenue was collected	97
Grand Total	778

NOTE:—The name "Preventive Station" is a misnomer, as these so called Preventive Stations have not connection with the Preventive Service.

TABLE II

SHOWING Ports, Outports and Preventive Stations in Canada, separately by provinces, for the fiscal year ended March 31st, 1925, classified as to the amount of revenue collected.

	Less than $100	$100 to $500	$500 to $1,000	$1,000 to $5,000	$5,000 to $10,000	$10,000 to $25,000	$25,000 to $50,000	Over $50,000
Ports:—								
Nova Scotia	.....	1	2	6	5	4	2	8
Prince Edward Island	.....	.....	.....	.....	.....	.....	1	1
New Brunswick	.....	.....	.....	.....	.....	2	6	4
Quebec	.....	.....	.....	1	3	4	3	13
Ontario	.....	.....	.....	1	.....	2	5	48
Manitoba	.....	.....	.....	.....	.....	1	2	2
Saskatchewan	.....	.....	.....	.....	.....	1	.....	4
Alberta	.....	.....	.....	.....	.....	.....	.....	4
British Columbia	.....	.....	.....	.....	.....	2	1	10
Yukon	.....	.....	.....	.....	.....	.....	1	1
Total	.....	1	2	8	8	16	21	95
Outports:—								
Nova Scotia	10	16	14	16	.....	6	.....	.....
Prince Edward Island	.....	4	1	4	1	.....	.....	.....
New Brunswick	.....	1	4	10	5	3	2	.....
Quebec	2	4	1	9	7	6	6	16
Ontario	2	2	3	14	10	16	26	34
Manitoba	.....	1	.....	8	5	5	.....	.....
Saskatchewan	.....	.....	.....	6	3	3	5	.....
Alberta	1	.....	.....	2	5	4	3	.....
British Columbia	1	3	2	13	4	8	9	4
Yukon	1	.....	1	.....	.....	1	.....	.....
Total	17	31	26	82	40	52	51	54
Preventive Stations:—								
Nova Scotia	22	17	1	1	.....	.....	.....	.....
Prince Edward Island	2	3	.....	.....	.....	.....	.....	.....
New Brunswick	7	8	1	3	.....	.....	.....	.....
Quebec	1	5	3	10	1	1	1	.....
Ontario	9	10	.....	5	.....	1	.....	.....
Manitoba	4	4	1	1	.....	.....	.....	.....
Saskatchewan	3	5	.....	2	.....	.....	.....	.....
Alberta	2	4	.....	1	.....	.....	.....	.....
British Columbia	3	16	8	7	.....	1	.....	.....
Yukon	.....	.....	1	1	.....	1	.....	.....
Total	53	72	15	31	1	4	1	.....

TABLE III

SHOWING Ports, Outports and Preventive Stations in Canada, collectively by provinces, for the fiscal year ended March 31, 1925, classified as to the amount of revenue collected

—	Less than $100	$100 to $500	$500 to $1,000	$1,000 to $5,000	$5,000 to $10,000	$10,000 to $25,000	$25,000 to $50,000	Over $50,000
Nova Scotia	32	34	17	23	5	10	2	8
Prince Edward Island	2	7	1	4	1	.....	1	1
New Brunswick	7	9	5	13	5	5	8	4
Quebec	3	9	4	20	11	11	10	29
Ontario	11	12	3	20	10	19	31	82
Manitoba	4	5	1	9	5	6	2	2
Saskatchewan	3	5	.....	8	3	4	5	4
Alberta	3	4	.....	3	5	4	3	4
British Columbia	4	19	10	20	4	11	10	14
Yukon	1	.....	2	1	.....	2	1	1
Total	70	104	43	121	49	72	73	149

TABLE IV

NUMBER of ports of entry in the United Kingdom, including Irish Free State, showing reduction in number since 1920

	1920	1921	1922	1923	1924
Number of ports	98	96	81	81	80
Ports closed		2	15	.....	1

Total number of ports closed since 1920—18.

TABLE V

PORTS of entry in the United Kingdom, including the Irish Free State, classified as sea ports and inland ports

	Sea Ports	Inland Ports
England and Wales	37	16
Scotland	14	2
Ireland (including Irish Free State)	9	2
Total	60	20

TABLE VI

SHOWING Ports, Outports and Preventive Stations in Canada at which revenue was collected during fiscal year ended March 31, 1925, collectively by Provinces, classified as to location.

—	Sea Ports	Border Ports	Lake and River Ports	Inland Ports
Nova Scotia	101	.....	.....	30
Prince Edward Island	13	.....	.....	4
New Brunswick	28	11	.....	17
Quebec	18	26	.....	53
Ontario	.....	5	84	99
Manitoba	.....	5	.....	29
Saskatchewan	.....	7	.....	25
Alberta	.....	2	.....	24
British Columbia	33	25	.....	34
Yukon	2	.....	.....	6
Total	195	81	84	321

TABLE VII

SHOWING Ports, Outports and Preventive Stations in Canada at which revenue was collected during fiscal year ended March 31, 1925, classified as to location, with comparative table for the United States and the United Kingdom, including Irish Free State, for 1924.

	Canada	United States	United Kingdom
POPULATION	9,364,300	117,534,000	50,000,000 (about)
Sea Ports	195	95	60
Border Ports	81	57	..
Lake and River Ports	84	59	..
Inland Ports	321	59	20
Total	681	270	80

TABLE VIII

SHOWING Outports and Preventive Stations in Canada at which no revenue was collected during fiscal year ended March 31st, 1925, collectively by provinces, classified as to location.

	Sea Ports	Border Ports	Lake and River Ports	Inland Ports
Nova Scotia	40	.....	.....	7
Prince Edward Island	3	.....	.....	.....
New Brunswick	6	.....	.....	1
Quebec	3	2	.....	6
Ontario	.....	.....	18	3
Manitoba	.....	.....	.....	1
Saskatchewan	.....	.....	.....	.....
Alberta	.....	.....	.....	1
British Columbia	4	.....	.....	2
Yukon	.....	.....	.....	.....
Total	56	2	18	21

TABLE IX

SHOWING number of employees in the Outside Service of the Department of Customs and Excise with reference to salary paid.

Salary per annum	$150	$200	$200 to $300	$300 to $500	$500 to $1,000	Over $1,000
Nova Scotia	18	31	39	31	21	172
Prince Edward Island	3	4	4	2	2	21
New Brunswick	2	4	3	7	15	181
Quebec	3	9	5	5	38	726
Ontario	1	1	7	8	46	1,067
Manitoba	1	1	1	.....	5	188
Saskatchewan	.....	.....	.....	.....	2	96
Alberta	.....	.....	.....	1	2	103
British Columbia	.....	.....	3	1	14	344
Yukon	.....	.....	1	.....	.....	5
Total	28	50	63	55	145	2,903

Total receiving $1,000 per annum or less	341
Total receiving more than $1,000 per annum	2,903
Total number employed in the Outside Service	3,244
Number of Customs-Excise Enforcement Officers without salary	192

[Mr. R. P. Sparks.]

TABLE X

SHOWING number of employees in the Outside Service of the Department of Customs and Excise who receive pay from other departments.

Department	Number
Marine and Fisheries	35
Post Office	19
National Defence	4
Immigration and Colonization	86
Meteorological Service	3
Soldiers' Re-Establishment	2
Interior	19
Railways and Canals	1
Public Works	1
Pensions Board	2
Agriculture	2
Trade and Commerce	2
Indian	2
Labour	1
Soldiers' Pension	1
Royal Canadian Mounted Police	1
Hydrometric	1
Total	182
Number of Postmasters authorized to collect Customs Duty on Postal Packages (Receive 10% of collections)	47

CUSTOMS PREVENTIVE SERVICE

In the prevention of smuggling and of other frauds on the Revenue a strong preventive force under a capable administrator is necessary, and we, therefore, recommend:

1. That the Chief Preventive Officer be the executive head and have full control and supervision of the Preventive Service Branch with full authority to administer and direct the work of the branch.

2. That he be given full power and authority to take action in respect of all violations of the Act on his own initiative and without being required to first refer the matter to the Department for instructions, and that he be held strictly responsible for the efficient administration of the Preventive Service Branch.

3. That notwithstanding the provisions of the Civil Service Act, the Chief Preventive Office be empowered to select his own officers who should be appointed by the Minister solely on the recommendation of the Chief Preventive Officer. That he be instructed to reorganize the Preventive Service Branch as soon as possible with full power and authority, subject to the approval of the Minister, to determine what officers now attached to the staff should be retained —his recommendation as to retention and as to the number of additional officers required to be final.

4. That the Chief Preventive Officer be authorized to organize within the Preventive Service a secret service force, with special training in criminal investigation work, which force shall be under the general executive direction of the Chief Preventive Officer, but under the immediate supervision of an experienced police officer with special training, who shall be appointed on the recommendation of the Chief Preventive Officer as Assistant Chief Preventive Officer.

5. That Preventive Officers and persons authorized to act as Customs Officers be given power to arrest without a warrant persons found committing or suspected of having committed any offence declared by the Customs Act to be an indictable offence.

6. That the Chief Preventive Officer be authorized to make use of the Royal Canadian Mounted Police for patrol work on the border whenever he deems it advisable or desirable—such police officers to be assigned to patrol duty on request from the Chief Preventive Officer to the Commissioner of Mounted Police. All police officers engaged in patrol work to be under the control and direction of the Chief Preventive Officer and to report to him direct.

7. That such members of the Royal Canadian Mounted Police as are assigned to patrol duty be given full powers as Customs Officers, as set out in the Customs Act.

8. That officers of the Department of Immigration be given the powers of Customs Officers, as set out in the Customs Act.

There are many matters of detail in reference to preventive work which might be suggested, but, assuming that the Preventive Service will be reorganized, we do not desire to take up the time of the Committee in going into these, as they can be, at a later date, taken up direct with the Preventive Service.

PROSECUTIONS FOR WHOLESALE SMUGGLING AND UNDERVALUATION

We recommend that in cases of wholesale smuggling or undervaluation, where offenders are apprehended, they be at once arrested and brought to trial with the utmost promptness and prosecuted to the full limit of the law.

That notwithstanding the provisions of Sec. 1028 of the Criminal Code, or any other statute or law, the Court shall have no power to impose less than the minimum penalties prescribed in the Section under which action is being taken and shall in all cases of conviction, where both fine and imprisonment are provided for, impose both fine and imprisonment.

Under the amendment of 1925 the power of the Courts to impose less than the minimum sentence was taken away in respect of prosecutions under subsection 3 of Section 206, but in certain cases the effect of the amendment has been nullified by the Court suspending the sentence.

We recommend that, notwithstanding the provisions of any statute or law, the Court shall have no power in any case of conviction to suspend sentence.

Prompt and energetic prosecution of offenders would instill a proper respect for law and order in those persons who have for so many years been evading payment of the proper duties of customs.

There is one phase of prosecutions which we wish to bring to the attention of the Committee, and that is the question of the employment of counsel to conduct the prosecution.

The enforcement of the Act in an efficient manner involves the employment of capable legal counsel, whose energy can be depended upon to press the prosecution.

At the present time the selection of counsel to act on behalf of the Crown is a matter of patronage, but we believe the situation is of too serious a nature to allow patronage to enter into it. We recommend that the Department of Justice be instructed to at once select capable and experienced counsel in important centres who will be retained to act for the Department of Customs and Excise in all future cases in these places, thus ensuring the services of counsel who will be thoroughly familiar with the provisions of the Customs Act, and that in prosecutions at other places than where special counsel is permanently retained the selection of counsel should be based on fitness to conduct prosecutions rather than on political considerations.

We further recommend that efficient Customs Officers or a legal member of the staff of the Department of Customs be assigned to assist and advise counsel in the preparation and prosecution of important cases and that in all cases where there has been a previous conviction the record of evidence of such previous conviction be placed in the hands of the prosecuting counsel.

There have been many suggestions and recommendations made as to special tribunals and as to what particular courts should deal with cases of smuggling and undervaluation. These suggestions are worthy of the serious consideration of the Committee, who, in addition to outstanding legal ability within the Committee, are in a position to secure the views of the law officers of the Crown, or possibly even the views of outstanding members of the judiciary.

This phase of the situation, however, does not appear to be one in which business men should assume to make any recommendation.

BRIBERY OF OFFICERS

We recommend that where a Customs Officer, or any person employed for the prevention of smuggling, takes or accepts a promise of any bribe, gratuity, recompense or reward for the neglect or non-performance of his duty, or in any way acts in collusion with any person committing an offence under the Customs Act, he be prosecuted to the full extent of the law and that the penalty be imprisonment without the option of a fine, and in addition a fine.

We also recommend that any person who bribes or tempts an officer to in any way neglect his duty be prosecuted to the full extent of the law and that conviction carry with it a term of imprisonment without the option of a fine, and in addition a fine.

Our investigations have disclosed evidence of bribery and collusion on the part of officers attached to port staffs and officers stationed at border ports. The ease with which frauds have been perpetrated and smuggling carried on clearly indicates that some officers have worked in collusion with smugglers.

Bribery and the giving of bribes are serious offences and no clemency should be shown any officer who is unfaithful to his trust nor to anyone who attempts to corrupt an officer.

The Post Office Department deals very severely with any officers found tampering with His Majesty's mails. We submit that like punishment should be meted out to Customs Officers guilty of a breach of trust and to persons tampering with officers entrusted with the collection of the Revenue.

CUSTOMS APPRAISAL SYSTEM

We recommend,—

1. That there be established a Board of Dominion Appraisers to be appointed by the Governor in Council consisting of a Chairman and four members who shall be well qualified and experienced in business methods.

2. We recommend that the Board of Dominion Appraisers should supersede the present Board of Customs and the duties which are now assigned to the Board of Customs should be assigned to the Board of Dominion Appraisers.

The present Board of Customs is composed of the Deputy Minister of Customs, the assistant Deputy Minister of Customs, the General Executive Assistant of the Department of Customs, the Commissioner of Taxation and the Chief Preventive Officer. The Board of Customs as constituted lacks the technical training which would be possessed by a Board of Dominion Appraisers, selected as we suggest, and whereas the Board of Customs only meets from time to time, the Board of Dominion Appraisers would be in almost constant session and moreover would move about from port to port as occasion required, whereas the Board of Customs cannot do this, and frequent inspection of the appraisal system at each port by one or more members of the Board would be quite feasible without undue interference with its other regular duties.

3. That this Board be authorized to proceed as soon as possible after its appointment with a complete reorganization of the appraisal system and personnel both at head office and at ports.

4. Powers of the Board. We recommend,—

(a) That the Board be given complete jurisdiction at all ports and places in Canada in all matters of values and ratings and that their decisions be final, subject only to appeal to the Exchequer Court or to the Governor in Council.

(b) That the Board be given power to retain such appraisers as they deem competent and qualified and to appoint, with the Minister's approval, and notwithstanding the provisions of the Civil Service Act, such further appraisers as may be required from time to time and to fix, subject to the approval of the Governor in Council, the remuneration to be paid to the various grades of appraisers.

(c) That the Board be given jurisdiction over the staff of investigating officers in foreign countries with power to increase the present staff of investigators by the appointment of at least an additional officer in Great Britain and of a sufficient number of investigating officers an the European continent, and from time to time to appoint, subject to the approval of the Governor in Council, such additional investigating officers as they deem necessary.

(d) That in all future appointments of investigating officers one of the qualifications shall be a knowledge of accounting and that, before any appointment be made permanent, the appointee be placed on probation for a period of six months, during which time he be attached to the appraisal staff in Canada for training.

We might explain that the work of these investigating officers is of very great importance in keeping in touch with market conditions in countries where they are stationed and in investigating the correctness of invoices referred to them by the Department, and that in reporting on fair market values and the consequent necessary examination of books a knowledge of accountancy is a necessary qualification.

In dealing with imported merchandise and in ensuring that the full duties provided for in the law are collected, it is above all other things essential that there should be an efficient system of appraisal by competent appraisers.

The appraisal system is the very heart of the whole system of the collection of Customs revenue, and if the appraisal system is not sound there is bound to be inefficiency and failure to detect frauds.

The Canadian appraisal system is lamentably weak. At many ports there are not a sufficient number of capable and efficient appraisers to give that prompt service which is so essential to the conduct of business. At the smaller ports men are acting as appraisers in addition to performing other duties—men who have not had the training to fit them for their duties as appraisers, and at all ports the rate of pay is so inadequate that trained experts cannot be prevailed upon to enter the service. The result is that many of these Customs appraisers are, through no fault of their own, lacking in that thorough and expert knowledge of values and market conditions which is the " sine qua non " of a good appraiser.

EXAMINATION OF GOODS BY CUSTOMS APPRAISERS

We recommend that each day the Collector of Customs shall designate which particular package in ten shall be sent to the Examining Warehouse for examination. This will create an uncertainty which will act as a deterrent, as dishonest importers will be unable to make arrangements in advance.

We recommend that, at all large ports, it shall be the duty of the preventive officer stationed there to examine manifests and other records of incoming shipments from day to day, with a view to detecting shipments to fictitious names and addresses or shipments of goods to suspected firms, and in such cases he shall have power to order that the complete shipment be sent up for examination. We suggest the assignment of this duty to the Preventive Service, for the reason that an efficient Preventive Service will be familiar with the names of suspected firms and in a better position to check frauds than computing clerks to whom the duty of sending goods for examination is now assigned. This will not interfere with the present practice of sending for examination one package in ten, but will be an additional check.

Experience shows that a dishonest importer can, at certain ports at least, arrange with the computing clerks for the sending for examination of a particular package which will correspond in every way with the invoice presented to the Customs, but will differ from the balance of the shipment.

ENFORCEMENT OF SECTION 43, S.S. 3.

We recommend that the Department of Customs and Excise should issue an Appraisers Bulletin calling attention to the provisions of Section 43, subsection 3, and instruct that they be strictly applied.

The Customs Act provides, in this Section, that when articles of the same material, or of a similar kind but of a different quality, are found in the same package, charged or invoiced at an average price, the appraisers shall adopt the value of the best article contained in such package as the average value of the whole; and duty shall be levied thereon accordingly.

But this provision of the Act is not enforced or applied by the Customs appraisers, and the non-enforcement of this provision is being utilized by dishonest importers to defraud the revenue.

SUPERVISION OVER VEHICULAR TRAFFIC ENTERING CANADA

We recommend that, at bridges and main highways where traffic enters Canada, in addition to the regular Customs supervision, there should be frequent thorough search made of vehicles entering Canada.

We recommend a similar procedure in respect of traffic entering Canada by ferry.

The uncertainty as to what vehicles will be subjected to this thorough examination and when will act as a deterrant against smuggling.

The real solution of the difficulties at such points as Windsor, Niagara Falls, or where traffic is heavy, and where a thorough examination of all vehicles cannot be carried out, will be found in the discovery in advance by the investigating officers, or secret service, of the persons who make a practice of smuggling at these points and their arrest when passing the Customs barrier.

SUPERVISION OF VESSELS IN PORT TO PREVENT SMUGGLING

We recommend that the Department take steps to see that there is an efficient 24-hour supervision and further that the Preventive Service Branch take the necessary action to ensure that the instructions are being complied with. Also that use be made of members of the Royal Canadian Mounted Police, supplied at the request of the Chief Preventive Officer, in this work.

Evidence has been given before this Committee as to the lack of efficient supervision over vessels while in port to prevent the smuggling of goods ashore.

The regulations provide that there shall be 24-hour supervision, but even if the Departmental regulations are being observed we are satisfied that in many cases the supervision is inefficient.

DISPOSITION OF SEIZED GOODS

We support the recommendation of the Canadian Jewellers Association that where articles containing precious metals are seized and forfeited they should not be sold, but should be sent to the Royal Mint and melted down, and the value remitted to the Customs Department.

The Minister has power to take this action under Section 143, which contains a provision that the Minister may order vessels, goods, vehicles or things forfeited to be disposed of as he sees fit, instead of being sold by public auction.

Under this section the Department of Customs issued instructions on June 25, 1924, Circular 344C, that all tobacco, cigars and cigarettes confiscated or forfeited under the Customs Act or Inland Revenue Act are to be sent to the Department to be destroyed.

PROHIBITED IMPORTATIONS—GOLD AND SILVER MARKING ACT

We also support the recommendation of the Canadian Jewellers Association that Schedule "C", Prohibited Goods, of the Customs Tariff be amended to include merchandise which is marked in contravention of the Gold and Silver Marking Act.

The Act provides for prohibition of importation of articles improperly marked, but Customs Officers ordinarily are not acquainted with the provisions of this Act, and for this reason we recommend the inclusion of the prohibition in Schedule "C" of the tariff.

SITUATION AT ROCK ISLAND AND OTHER BORDER TOWNS

We recommend the reopening of the cases in which seizures were made against firms operating at Rock Island and neighbouring points and their reconsideration by the Minister of Customs and Excise, with a view to putting into effect the provisions of Sections 213 and 213A of the Customs Act.

We also recommend that in future the provisions of Sections 213 and 213A be strictly enforced.

These sections provide for the removal of buildings within a hundred yards of the boundary which are made use of in smuggling operations.

If within the power of the Parliament of Canada we recommend that it be made an offence to erect any building other than a Customs House on land situated within a hundred yards of the boundary line between the United States and Canada.

It might be mentioned that the United States Government has set apart as a public reservation all unpatented public lands of the United States lying within a specified distance of the boundary between the United States and Canada.

The situation created by the location of the Derby Line and Rock Island, Quebec, as brought to the attention of the Committee, is of such a grave nature that we feel that some action should be taken by the Committee to effectively deal with the matter.

We recommend that the Customs Department station an officer in each factory at Rock Island and in other similarly situated border towns, such officer to be responsible for seeing that no goods, other than goods purchased in Canada, are brought into the factory premises, except through a regularly established Customs port of entry. The officer to be on duty during factory working hours and at all other times the entrances to the factory to be secured by Crown locks. The factories to be required to keep proper books of account and records of incoming and outgoing shipments, and these books and records to be open at all times to the inspection of the officer stationed in the factory, or to officers of the Preventive Service. And that the cost of the maintenance of the officers to be borne by the factories in which the officers are stationed.

We recommend that, in addition to the officers stationed in the factories, there should be a regular staff at Rock Island and that there should also be a detail of Mounted Police on night duty.

We recommend an amendment to the Customs Act giving the Minister of Customs and Excise power to carry out the above recommendation and authority to station a Customs Officer in any building used for commercial purposes at or near the border when, in his opinion, such action seems advisable.

MOIETIES AND DISTRIBUTION OF PROCEEDS OF SEIZURES

We recommend that the regulations governing the distribution of the proceeds and penalties of forfeitures under the Customs Act be revised, and that more liberal treatment be accorded informers and seizing officers in the matter of the distribution of proceeds of seizures.

It is the considered opinion of all who have made a study of the matter that the effectiveness of preventive measures depends to a very large extent on information, and in order to encourage private citizens to come forward with information as to frauds on the revenue it is essential that they be assured of fair and just treatment by the Department.

Section 144 of the Customs Act provides that the net proceeds of a seizure or any portion thereof may be divided between and paid to,—

(1) the Collector or Chief Officer of the Customs at the port or place where the seizure was made;
(2) and the Officer or Officers by whom the seizure was made, or the information given which lead to the seizure;
(3) and any person who has given information or otherwise aided in effecting the condemnation of the things seized,

in such proportions as the Governor in Council in any case or class of cases directs or appoints.

We strongly recommend that Customs Officers be entitled to a share as informers, as contemplated by the Act, in providing for a distribution to the officer or officers by whom the information was given which lead to the seizure. Prior to 1908 where a Customs Officer detected a fraud on the revenue and reported the same to the Department, the officer was entitled to an award for information. Many of the seizures made prior to 1908 resulted from information furnished to the Preventive Service by Customs Port Officers, but following the issue of regulations which debarred Customs officers from participating as informers, that source of information very largely dried up. Human nature is much the same the world over, and, lacking the incentive, officers who had previously devoted time outside of office hours to gathering evidence of smuggling and other frauds, confined their activities to their allotted tasks, viz., the collection of revenue.

In order to prevent connivance between officers whereby one officer would receive the information award and another officer secure the seizing officer's award, we would suggest that, where an officer is the informer, his name should be disclosed to the Department and, if it appears that the informing officer was in a position to have made the seizure, the Department should have the right to withhold the award for information.

A return to the former practice would prove an incentive to the port officers to be more on the alert to detect frauds; in many cases an officer may suspect or have good reason to believe that a fraud has been or is being committed but his position at the port or his lack of experience may render it inadvisable for him to make the investigation. In our opinion investigations should only be made by officers trained in that class of work, and in such cases officers, through whose alertness the fraud is uncovered, should be rewarded by receiving the usual informer's share. Much of the information which reached the preventive service through port officers was gathered by those officers as the result of enquiry procured by them in their own time after office hours.

We might say that the regulations established by Order in Council on March 23rd, 1926, and published in Customs Circular 494C, dated April 3rd, are more generous than the former regulations but we think they can be still improved.

And we accordingly attach herewith, for the consideration of the Committee, a memorandum setting forth our views in this matter.

REGULATIONS PROPOSED TO GOVERN DISTRIBUTION OF PROCEEDS OF SEIZURE

1. That the Department award out of the net proceeds of any seizure, fine, forfeiture or penalty, an allowance to the seizing officer or officers and a like allowance to the informer or informers, and that these allowances be in accord-

ance with the scale set forth in the recent Order in Council of March 23rd, 1926, viz:—

25 per cent thereof when such net proceeds are $5,000 or less;
plus 15 per cent of the portion, if any, in excess of $5,000 and not exceeding $10,000;
plus 10 per cent of the portion of such net proceeds, if any, in excess of $10,000.

2. That in computing "net proceeds" for the purposes of distribution only such expenses as are incurred up to the time the seizure is reported to the Department be deducted from the gross proceeds.

NOTE: We understand this was the former practice.

3 (a) That all expenses incurred after a seizure is made and reported, or after charges are preferred, including any expenses connected with prosecutions, be charged against the general fund known as "Seizures Generally," instead of against the particular seizure.

NOTE.—We understand this was the former practice. See also paragraph 8 of Departmental Instructions in Circular 494C at page 6.

(b) That any sums included in the forfeiture as representing duties and taxes properly payable on goods imported, shall be disregarded in determining the amount to be awarded to the seizing officers and informer, and shall only be set aside out of the balance remaining after the awards have been made to the seizing officers and to the informer.

NOTE.—Under the regulations prior to March of this year it was not the practice to deduct duties and taxes from seizure proceeds before distribution.

4. "Seizing officer or officers" shall include the officer or officers by whose activity any prosecution or legal proceeding for penalties for an offence against the Customs laws is undertaken.

5. That Customs Officers, and persons acting as Customs officers, be held entitled to an award as informer, unless, in the case of a Customs Officer, the circumstances are such as not to justify an award being made to him.

6. That the Chief Preventive Officer, or the Collector of Customs, as the case may be, be authorized to advance a portion of the expected award to an informer at the time the seizure is made, if in their opinion such an advance is desirable in the interests of the revenue. And that, if necessary, a fund be set aside to enable this to be done. Any such advance to be deducted from the final award made to the informer after the case is disposed of.

7. That in respect of charges for contravention of the Customs laws, where there has been no actual seizure of goods, the seizing officer or officers be entitled to the same award as though there had been actual seizure, such award to be paid out of the proceeds of any fine, forfeiture or penalty imposed.

8. That where a fine is imposed but not paid awards shall be made to the seizing officer or officers and to the informer or informers based on the amount of the fine imposed, and to be paid out of the net proceeds of fines, penalties and forfeitures generally.

9. That in any case where goods seized and forfeited are destroyed awards shall be made to the seizing officer or officers and to the informer or informers, based on the appraised value of the goods and to be paid out of the net proceeds of fines, penalties and forfeitures generally.

10. That where the fine or penalty, or the amount realized from the sale of seized goods, is under $100, the entire amount be distributed in equal proportions to the seizing officer or officers and to the informer or informers.

SUGGESTED AMENDMENTS TO THE CUSTOMS ACT

In submitting recommendations to the Committee urging that the Customs Act be amended, we wish to place ourselves on record by stating that in our

opinion the Customs Act, even prior to the amendments of 1925, was sufficiently drastic in its provisions respecting penalties to have enabled the Department of Customs and Excise to cope with the evil of smuggling, and other forms of fraud, if the Department had availed itself of the provisions of the Act and had prosecuted offenders to the full extent of the law.

That the Department of Customs and Excise believed the Act to be drastic is evidenced by a statement which appears in several memoranda containing instructions to officers in the matter of seizures. The statement is as follows:—

> "The severity and extent of the penalties for infractions of the Customs laws are such that extreme caution and discretion are requisite in their enforcement."

Our complaint is that in dealing with the matter of smuggling and undervaluation the Department of Customs and Excise has preferred to follow the procedure laid down in the Act of dealing with all seizure matters departmentally, and has not until quite recently availed itself of the penalty clauses in the Act and has not taken action against offenders to enforce the penalties which have always been provided for in the Act.

Because of this failure to enforce the penalty clauses of the Act, and in order to ensure proper enforcement of the Act in future, and believing that the disposal of cases involving wholesale smuggling and undervaluation by departmental action is unsound, we recommend that the Act be amended so as to require the Department to take proceedings against offenders through the Courts in all cases of wholesale smuggling and undervaluation.

From the inception of the Customs Act down to the amendment of 1925, smuggling was treated as one offence, regardless of the amount involved or the attendant circumstances. The 1925 amendment differentiates between what may be termed petty or casual smuggling and wholesale or commercial smuggling. We recommend that this differentiation be maintained.

Many of the amendments to the Act which we are recommending deal with the punishment to be imposed on those who are found guilty of defrauding or attempting to defraud the revenue. We recommend in all cases of wilful fraud or where the amount involved is $200 or over, that conviction shall carry with it a fine and a term of imprisonment; that the Courts be prohibited from imposing less than the minimum sentence; and that the power of the Courts to suspend sentence be taken away.

Penalties such as we suggest will also have a tendency to deter prospective offenders. The knowledge that if they are apprehended and convicted they will have to serve a term of imprisonment will aid materially in reducing the volume of smuggling and other forms of fraud on the revenue such as undervaluation. The risk will be too great.

Attached hereto is a memorandum outlining briefly the amendments asked for. Also we submit a schedule showing the wording of the present sections and the amendments and new sections we believe desirable in dealing with the evils of smuggling and other frauds on the revenue.

INTERPRETATION SECTION—DEFINITION OF "VALUE"

PRESENT	PROPOSED
Sec. 2. In or for the purposes of this Act, or any other law relating to the Customs, unless the context otherwise requires,—	Sec. 2. In or for the purposes of this Act, or any other law relating to the Customs, unless the context otherwise requires,—
(O) 'Value' in respect of any penalty or forfeiture imposed by this Act and based upon the value of any goods or articles, means the duty-paid value of such goods or articles at the time of the commission of the offence by which such penalty or forfeiture is incurred;	(O) 'Value' in respect of any penalty or forfeiture imposed by this Act and based upon the value of any goods or articles, means the duty-paid value of such goods or articles at the time of the commission of the offence by which such penalty or forfeiture is incurred, *and as appraised by a Customs appraiser.*

[Mr. R. P. Sparks.]

Explanatory Note.—Now that the smuggling of goods of a value of $200 or over has been made an indictable offence, the question will no doubt arise from time to time as to the proper value of goods smuggled into Canada, and which have been seized, particularly where it is not possible to produce proper invoices for the goods.

While it is the general principle of the Act that questions of value are to be determined by Customs Appraisers, we are of the opinion that this Section should be amended by specifying that the value shall be "as appraised by a Customs Appraiser."

There is a precedent for this in Section 182 of the Act which provides for the valuation of certain classes of seized goods by a competent appraiser. If it was thought advisable to make special provision in Section 182 for valuation by an appraiser we believe it is equally as important to amend Section 2 Par (O), as we suggest.

IMMIGRATION OFFICERS TO ACT AS CUSTOMS OFFICERS

PRESENT	PROPOSED
146. Every officer and person who is employed under the authority of any Act relating to the collection of the revenue, or under the direction of any officer of Customs, shall be deemed and taken to be duly employed for the prevention of smuggling and for the enforcement of this Act in every respect, whether such officer or person is or is not the holder of a writ of assistance.	146. Every officer and person who is employed under the authority of any Act relating to the collection of the revenue, or under the direction of any officer of Customs, *and every Immigration Officer,* shall be deemed and taken to be duly employed for the prevention of smuggling and for the enforcement of this Act in every respect, whether such officer or person is or is not the holder of a writ of assistance.
2. In any suit or information, the averment that such person was so duly employed shall be prima facie proof thereof.	2. In any suit or information, the averment that such person was so duly employed shall be prima facie proof thereof.

Explanatory Note.—We recommend that Immigration Officers who are stationed at sea ports and border ports, be designated as Customs Officers and given the powers of Customs Officers, as set forth in the Customs Act.

If effect be given to this recommendation it would greatly strengthen the Customs Service at sea ports and along the border.

At the present time the Immigration Department are making use of Customs Officers at a great many points under a provision in the Immigration Act which provides for Customs Officers acting as Immigration Officers.

ARREST WITHOUT WARRANT FOR INDICTABLE OFFENCES

PRESENT	PROPOSED
	New Section to be numbered 154A, and providing for arrest without warrant in cases of indictable offences.
	154A. Any Customs Officer, or person having the powers of a Customs Officer, may arrest, without warrant, anyone found committing or who is suspected of having committed any offence declared by the Customs Act to be an indictable offence.
	New Section to be numbered 154B and designed to protect a Customs Officer, who, in the performance of his duty, makes an arrest without warrant.
	154B. Every Customs Officer and every person having the powers of a Customs Officer, who, on reasonable and probable grounds, believes that an offence declared by the Customs Act to be an indictable offence, has been committed, whether it has been committed or not, and who, on reasonable and probable grounds, believes that any person has committed that offence, is justified in arresting such person without warrant, whether such person is guilty or not.

Explanatory Note.—Section 154A, proposed, provides that a Customs Officer or person authorized to act as a Customs Officer, may arrest, without a warrant, anyone found committing or who is suspected of having committed any offence declared by the Customs Act to be an indictable offence.

In view of the present day methods of operation by smugglers and the necessity for prompt action at all hours of the day or night, it is recommended that Customs Officers be empowered to arrest smugglers and other offenders without the necessity of first obtaining a warrant.

Under the present Act officers may detain and seize goods which they suspect have been smuggled but doubt has been expressed as to whether they have the power to arrest the person found smuggling without first securing a warrant.

If an officer, on detecting some persons or person in the act of smuggling goods into Canada, or encountering some person whom he knew had smuggled goods into Canada, was obliged to first go and secure a warrant before he could arrest such persons, there would be a grave possibility that he would not be able to locate such person after he has secured the warrant.

Therefore, in order that Customs Officers charged with the prevention of smuggling, may be given better facilities to cope with the evil, we recommend that they be given power to arrest offenders and suspected persons without a warrant.

Section 154B, proposed, is based on section 30 of the Criminal Code and we recommend that it be incorporated in the Customs Act for the protection of a Customs Officer who, in the performance of his duty, makes an arrest.

PROCEDURE IN SEIZURE CASES

PRESENT	PROPOSED
175. The Commissioner may thereupon notify the owner or claimant of the thing seized or detained, or his agent, or the person alleged to have incurred the penalty or forfeiture, or his agent, of the reasons for the seizure, detention, penalty or forfeiture, and call upon him to furnish within thirty days from the date of the notice, such evidence in the matter as he desires to furnish.	175. *When the value of the goods seized or detained is under* $200.00 *or when the value of the goods in respect of which there has been an alleged infraction of the Customs Law is under* $200.00. The Commissioner may thereupon notify the owner or claimant of the things seized or detained, or his agent, or the person alleged to have incurred the penalty or forfeiture, or his agent, of the reasons for the seizure, detention, penalty, or forfeiture, and call upon him to furnish within thirty days from the date of the notice, such evidence in the matter as he desires to furnish.
	1A. Or the Commissioner may direct that an information be laid against such person.
2. Such evidence may be by affidavit or affirmation, made before any Justice of the Peace, Collector of Customs, Commissioner for taking affidavits in any Court, or Notary Public.	2. *Where any person or persons is called upon to furnish evidence,* such evidence may be by affidavit or affirmation, made before any Justice of the Peace, Collector of Customs, Commissioner for taking affidavits in any Court, or Notary Public.
	Proposed new section to be numbered 179A.
	179A. When the value of the goods seized is $200.00 or over, or when the value of the goods in respect of which there has been an alleged infraction of the Customs law, is $200.00 or over, the matter shall be referred to the Courts for decision and in any case where any person or persons is alleged to have committed an offence declared by this Act to be an indictable offence proceedings shall forthwith be taken against such person or persons.

Explanatory Note.—For many years the practice has been to dispose of all seizures and charges for infractions of the Customs Laws by departmental action. Under this practice the only persons with knowledge of the facts are the departmental officials and the persons charged.

This method affords opportunity for politicians to bring pressure to bear on the Minister in an attempt to have the seizure discharged or only a minimum penalty imposed. We believe that it is not fair to place the Minister or his Deputy in this position.

We do not recommend any change in the present procedure in so far as petty infractions are concerned, other than to give the Department the right to take proceedings in such cases where it is deemed advisable to do so.

But we recommend that all other cases—where the amount involved is $200 or over and whether the case be one of smuggling or of undervaluation—should be dealt with by the Courts in the same way that offences under the Inland Revenue Act are dealt with.

We believe that the substitution of court proceedings for the present method of dealing with such cases departmentally, will prove of great advantage in the suppression of smuggling and other frauds on the revenue.

We therefore recommend that the sections of the Act which deal with the procedure to be followed in disposing of seizure charges, namely sections 174 to 182, should be thoroughly revised so as to give effect to our suggestion that in all cases where the amount involved is $200 or over the matter be referred to the Courts, and that in the case of petty smuggling or other frauds where the value of the goods is under $200, the Department have the option of disposing of the case departmentally or of referring it to the Courts.

[Mr. R. P. Sparks.]

OFFENCES OF IMPORTING GOODS AT OTHER THAN A PORT OF ENTRY OR REMOVAL BEFORE EXAMINATION AND PAYMENT OF DUTIES

PRESENT	PROPOSED
187. If any goods,— (a) are imported into Canada at any other place than at some port or place of entry at which a Customs-house is then lawfully established; or, (b) being brought by land or inland navigation into a port or place of entry where a Customs House is so established, are carried past such Custom-House, or removed from the place appointed for the examination of such goods by the Collector or other proper officer at such port or place before the same have been examined by the proper officer, and all duties thereon paid and a permit given accordingly; such goods shall be seized and forfeited, and every person concerned in such unlawful importation or removal shall incur a penalty equal to the value of such goods.	187. Paragraphs (a) and (b) remain unchanged. such goods shall be seized and forfeited, and every person concerned in such unlawful importation or removal shall incur a penalty equal to the value of such goods, and shall,— (a) *If the value of the articles is under* $200.00 *be further liable on summary conviction before two Justices of the Peace to a penalty not exceeding five hundred dollars and not less than two hundred dollars or to imprisonment for a term not exceeding one year and not less than one month, or to both fine and imprisonment, and shall,—* (b) *If the value of the goods is* $200.00 *or over, be guilty of an indictable offence and liable on conviction to a fine of* $500 *and to imprisonment for a term not exceeding five years and not less than six months.*

Explanatory Note.—It is recommended that this section be strengthened and brought into line with section 206 by providing for additional penalties. Section 285A, to be read with this section, provides that the Court shall be obliged to impose at least the minimum sentence in prosecutions under the Customs Act, and shall have no power to suspend sentence in the case of a conviction of any person charged with an indictable offence.

OFFENCE OF IMPORTING GOODS BY NIGHT

PRESENT	PROPOSED
192. If any goods are imported into Canada in any vehicle, other than a railway carriage, or upon the person, between sunset and sunrise on any day or at any time on a Sunday or a statutory holiday, except under a written permit from a Collector of Customs, and under the supervision of an officer, such goods and the vehicle in which the same are imported, together with the fittings, furnishings, and appurtenances, and the animals and the harness or tackle pertaining thereto shall be forfeited, and may be seized and dealt with accordingly. 2. If the articles so forfeited or any of them are not found, the owner at the time of importation, and the importer, and every other person who has been in any way connected with an unlawful importation of such articles, shall forfeit a sum equal to the value of the articles, and shall be further liable on summary conviction before two Justices of the Peace, to a penalty not exceeding two hundred dollars and not less than fifty dollars, or to imprisonment for a term not exceeding one year and not less than one month, or to both.	192. Subsection 1 remains unchanged. 2. If the articles so forfeited or any of them are not found, the owner at the time of importation, and the importer, and every other person who has been in any way connected with the unlawful importation of such articles, shall forfeit a sum equal to the value of the articles; and shall (a) If the value of the articles is under $200.00 be further liable on summary conviction before two Justices of the Peace to a penalty not exceeding five hundred dollars and not less than two hundred dollars or to imprisonment for a term not exceeding one year and not less than one month, or to both fine and imprisonment, *and shall* (*b*) *If the value of the goods is* $200.00 *or over, be guilty of an indictable offence and liable on conviction to a fine of* $500.00 *and to imprisonment for a term not exceeding five years and not less than six months.*

Explanatory Note.—It is recommended that this section be strengthened and brought into line with section 206 by providing for additional penalties.

[Mr. R. P. Sparks.]

Section 285A, to be read with this section, provides that the Court shall be obliged to impose at least the minimum sentence in prosecutions under the Customs Act, and shall have no power to suspend sentence in the case of a conviction of any person charged with an indictable offence.

OFFENCE OF FAILING TO REPORT AT CUSTOM HOUSE WHERE GOODS ARE BROUGHT TO CANADA BY VEHICLE OR BY PERSON

PRESENT	PROPOSED
193 (a) Any vehicle containing goods, other than a railway carriage, arriving by land at any place in Canada, whether any duty is payable on such goods or not; and, (b) Any such vehicle on arriving, if the vehicle or its fittings, furnishings or appurtenances or the animals drawing the same, or their harness or tackle, is or are liable to duty; and (c) Any goods brought into Canada in the charge or custody of any person arriving in Canada on foot or otherwise; shall be forfeited and may be seized and dealt with accordingly, if before unloading or in any manner disposing of any such vehicle or goods, the person in charge thereof does not,— (a) come to the Custom-house nearest to the point at which he crossed the frontier line, or to the station of the officer nearest to such point, if such station is nearer thereto than any Custom-house, and there make a report in writing to the collector or proper officer of Customs, stating the contents of each and every package and parcel of such goods and the quantities and values of the same; and, (b) then truly answer all such questions respecting such goods or packages, and the vehicle, fittings, furnishings and appurtenances appertaining thereto, as the said collector or proper officer of Customs requires of him; and (c) then and there make due entry of the same in accordance with the law in that behalf. 2. If the articles so forfeited or any of them are not found, the owner at the time of importation and the importer, and every other person who has been in any way connected with the unlawful importation of such articles shall forfeit a sum equal to the value of the articles; and shall be further liable on summary conviction before two Justices of the Peace, to a penalty not exceeding two hundred dollars and not less than fifty dollars, or to imprisonment for a term not exceeding one year and not less than one month, or to both.	Subsection (1) remains unchanged. 2. If the articles so forfeited or any of them are not found, the owner at the time of importation and the importer, and every other person who has been in any way connected with the unlawful importation of such articles shall forfeit a sum equal to the value of the articles; and shall,— *(a) If the value of the articles is under* $200.00 be further liable on summary conviction before two Justices of the Peace to a penalty not exceeding *five hundred dollars and not less than* two hundred dollars, or to imprisonment for a term not exceeding one year, and not less than one month, or to both fine and imprisonment *and shall* *(b) If the value of the goods is* $200.00 *or over, be guilty of an indictable offence and liable on conviction to a fine of* $500.00 *and to imprisonment for a term not exceeding five years and not less than six months.*

Explanatory Note.—It is recommended that this section be strengthened and brought into line with section 206 by providing for additional penalties. Section 285A, to be read with this section, provides that the Court shall be obliged to impose at least the minimum sentence in prosecutions under the Customs Act, and shall have no power to suspend sentence where there has been a conviction of any person charged with an indictable offence.

[Mr. R. P. Sparks.]

OFFENCE OF UNLAWFUL IMPORTATION OF GOODS BY RAILWAY

PRESENT	PROPOSED
195. If any goods are unlawfully imported on any railway, they shall be seized and forfeited, and the car in which such goods were so imported shall be seized and detached from the train and forfeited.	195. Subsection 1 remains unchanged.
2. Every conductor, baggage-master, or officer or servant employed on any railway, and every officer or servant employed by any express company who is privy to or aids or abets in such unlawful importation, shall, upon summary conviction, be liable to a penalty not exceeding two hundred dollars, and not less than fifty dollars, or to imprisonment for a term not exceeding twelve months and not less than three months, or to both.	2. Every conductor, baggage-master, or officer or servant employed in any railway, and every officer or servant employed by any express company who is privy to or aids or abets in such unlawful importation, *shall forfeit a sum equal to the value of the articles; and* shall (*a*) *If the value of the articles is under* $200.00 be further liable on summary conviction *before two justices of the Peace* to a penalty not exceeding *five hundred dollars and not less than two hundred dollars,* or to imprisonment for a term not exceeding one year and not less than *one* month or to both fine and imprisonment, *and shall* (*b*) *If the value of the goods is* $200.00 *or over, be guilty of an indictable offence and liable on conviction to a fine of* $500.00 *and to imprisonment for a term not exceeding five years and not less than six months.*

Explanatory Note.—It is recommended that this section be strengthened and brought into line with section 206 by providing for additional penalties. Section 285A, to be read with this section, provides that the Court shall be obliged to impose at least the minimum sentence, in prosecutions under the Customs Act, and shall have no power to suspend sentence where there has been a conviction of any person charged with an indictable offence.

VESSELS MADE USE OF IN SMUGGLING AND PERSONS ASSISTING IN SMUGGLING

PRESENT	PROPOSED
196. All vessels, with the guns, tackle, apparel and furniture thereof, and all vehicles, harness, tackle, horses and cattle made use of in the importation or unshipping or landing or removal of any goods liable to forfeiture under this Act, shall be seized and forfeited.	196. (1) No change.
2. Every person who assists or is otherwise concerned in the importing, unshipping, landing or removing, or in the harbouring of such goods, or into whose hands or possession the same knowingly come, shall incur a penalty of two hundred dollars or a penalty equal to treble the value of such goods, at the election of the person who sues for the same.	2. Every person who assists or is otherwise concerned in the importing, unshipping, landing or removing, or in the harbouring of such goods, *or into whose hands or possession the same come without lawful excuse, the proof of which shall be on the person accused, shall, in addition to any other penalty, forfeit a sum equal to the value of such goods, which may be recovered in any court of competent jurisdiction, and shall further be liable, on summary conviction before two Justices of the Peace, to a penalty not exceeding* $200.00 *and not less than* $50.00 *or to imprisonment for a term not exceeding one year and not less than one month, or to both fine and imprisonment.*
3. The averment in any information, petition or pleading for the recovery of such penalty that such person has elected to sue for the sum mentioned in the information, petition or pleading, shall be sufficient proof of such election, without any other evidence of the fact.	3. *Where the goods so imported, unshipped, landed, removed, harboured or found are of the value of* $200.00 *or over, such person shall be found guilty of an indictable offence and liable, in addition to other penalties, to which he is subject for any such offence, to imprisonment for a term not exceeding five years and not less than six months.*

Explanatory Note.—We recommend that this section which, in part, deals with persons assisting in smuggling operations, be brought more into line with sections 206 and 219 which were amended in 1925.

[Mr. R. P. Sparks.]

We also recommend that where smuggled goods are found in the possession of a person who claims that his possession is innocent possession, the burden of proof be placed on such person. This recommendation is similar to the recommendation which we are making in connection with section 219.

Section 285A, to be read with this section, provides that in prosecutions under the Customs Act the Court shall have no power to impose less than the minimum sentence and where there is a conviction for an offence declared to be an indictable offence, the Courts shall have no power to suspend sentence.

OFFENCE OF PROCURING PERSONS TO SMUGGLE

PRESENT	PROPOSED
197. Every person who, by any means, procures, hires or induces any person or persons to be concerned in the landing, unshipping, carrying or conveying of any goods, the importation of which is prohibited or for the landing of which permission has not been granted by the Collector or other proper officer of Customs, shall for every person so procured, hired, or induced, incur a penalty of one **hundred dollars.**	197. Every person who, by any means, procures, hires or induces any person or persons to be concerned in the landing, unshipping, carrying or conveying of any goods, the importation of which is prohibited or for the landing of which permission has not been granted by the Collector or other proper officer of Customs, *shall be guilty of an indictable offence, and liable on conviction to a fine of five hundred dollars for every person so procured, hired, or induced and to imprisonment with hard labour, for a term not exceeding five years, and not less than six months.*

Explanatory Note.—We recommend that the procuring of persons to smuggle should be made an indictable offence, and that the penalty be made more severe and more in line with the penalty for smuggling. It quite frequently happens that the person or firm which profits by smuggling operations take no part in the actual smuggling but hire others to smuggle for them. Smuggling is an indictable offence under section 206 and we believe that the hiring of persons to smuggle should likewise be made an indictable offence.

Section 285A, to be read with this section, provides that the Court shall impose at least the minimum sentence in prosecutions under the Customs Act, and where there has been a conviction for an offence declared to be an indictable offence the Court shall not have power to suspend sentence.

SMUGGLING, FALSE INVOICES AND OTHER FRAUDS ON THE REVENUE

PRESENT	PROPOSED
(As amended in 1925.) 206. (1) If any person,— (a) Smuggles or clandestinely introduces into Canada any goods subject to duty under the value of two hundred dollars; or (b) makes out or passes or attempts to pass through the Custom-house, any false, forged or fraudulent invoice of any goods of whatever value; or, (c) in any way attempts to defraud the revenue by avoiding the payment of the duty on any goods of whatever value; such goods if found shall be seized and forfeited, or if not found but the value thereof has been ascertained, the person so offending shall forfeit the value thereof as ascertained, such forfeiture to be without power of remission in cases of offences under paragraph (a) of this subsection.	206. Subsections 1 to 3 remain unchanged. Subsection 4 to be dropped as new section 285A deals with minimum sentences.

SMUGGLING, FALSE INVOICES AND OTHER FRAUDS ON THE REVENUE—(*Con.*)

PRESENT	PROPOSED
2. Every such person shall, in addition to any other penalty to which he is subject for any such offence,— (a) forfeit a sum equal to the value of such goods, which sum may be recovered in any court of competent jurisdiction; and (b) further be liable on summary conviction before two Justices of the Peace to a penalty not exceeding two hundred dollars, and not less than fifty dollars, or to imprisonment for a term not exceeding one year and not less than one month, or to both fine and imprisonment.	
3. Every one who smuggles or clandestinely introduces into Canada any goods subject to duty of the value of two hundred dollars or over is guilty of an indictable offence and liable in addition to any other penalty to which he is subject for any such offence to imprisonment for a term not exceeding seven years and not less than one year for a first offence, and to imprisonment for a term not exceeding ten years and not less than three years for a second and each subsequent offence, and such goods, if found shall be seized and forfeited without power of remission, or if not found but the value thereof has been ascertained the person so offending shall forfeit without power of remission the value thereof as ascertained.	
(4) Notwithstanding the provisions of section one thousand and twenty-eight of the Criminal Code, or of any other statute or law, the Court shall upon any proceeding by indictment under subsection three thereof have no power to impose less than the minimum penalties therein prescribed, and shall in all cases of conviction impose both fine and imprisonment.	

Explanatory Note.—We recommend that subsection 4 of the 1925 amendment be dropped and that a general section be added to the Act to provide that in all prosecutions under the Customs Act the Courts be obliged to impose at least the minimum penalty. See proposed section 285A.

The intent of the 1925 amendment was that persons convicted of wholesale smuggling should go to jail, but experience has shown that the Courts, in certain cases, have gotten around this express provision by sentencing the offender to a term of imprisonment and then suspending sentence.

We therefore recommend that a provision be inserted in the Act providing that the Courts shall have no power to suspend sentence in any case where a person is found guilty of having committed an indictable offence. See proposed, section 285A, ss. 2.

PERSONS HAVING IN THEIR POSSESSION BLANK INVOICES CAPABLE OF BEING USED FOR CUSTOMS PURPOSES

PRESENT	PROPOSED
207. Any person who, without lawful excuse, the proof of which shall be on the person accused, sends or brings into Canada, or who, being in Canada, has in his possession any bill-heading, or other paper appearing to be a heading or blank, capable of being filled up and used as an invoice, and bearing any certificate purporting to show, or which may be used to show, that the invoice which may be made from such bill-heading or blank is correct or authentic, is guilty of an indictable offence, and liable to a penalty of five hundred dollars, and to imprisonment for a term not exceeding twelve months, *in the discretion of the court.*	207. Any person who, without lawful excuse, the proof of which shall be on the person accused, sends or brings into Canada, or who, being in Canada, has in his possession any bill-heading, or other paper appearing to be a heading or blank, capable of being filled up and used as an invoice, and bearing any certificate purporting to show, or which may be used to show, that the invoice which may be made from such bill-heading or blank is correct or authentic, is guilty of an indictable offence, and liable to a penalty of five hundred dollars, and to imprisonment for a term not exceeding twelve months, *and not less than one month.*

Explanatory Note.—It is inconceivable that any person would have such invoices in their possession for any other object than to defraud the Customs revenue and we recommend that the proviso giving the Court the right to use its discretion as to whether a term of imprisonment shall be imposed be repealed.

Section 285A, to be read with this section, provides that the Court shall have no power to impose less than the minimum sentence in prosecutions under the Customs Act and, where there is a conviction for an offence declared to be an indictable offence, shall have no power to suspend sentence.

LINE-STORE SMUGGLING

PRESENT	PROPOSED
212. If, within the limits of Canada, any person deposits, places, or carries, or causes to be deposited, placed or carried in, through or into any building upon the boundary line between Canada and any foreign country, or the premises connected therewith, any dutiable goods without payment of duty, or contrary to the provisions of this Act or of any Customs laws or regulations, such person shall incur a penalty not exceeding one thousand dollars, and not less than two hundred dollars.	212. If, within the limits of Canada, any person deposits, places, or carries, or causes to be deposited, placed or carried in, through or into any building upon the boundary line between Canada and any foreign country, or the premises connected therewith, any dutiable goods without payment of duty, or contrary to the provisions of this Act or of any Customs laws or regulations, such person *shall be guilty of an indictable offence and liable on conviction to a penalty or not more than one thousand dollars and not less than two hundred dollars, and to imprisonment for a term not exceeding twelve months and not less than one month.*

Explanatory Note.—This section deals with certain offences at places situated on the boundary, sometimes referred to as "line-store" smuggling—"Line Stores" being buildings situated partly in the United States and partly in Canada.

We recommend that this section be brought into line with section 206 by making the offence an indictable one and by providing more severe penalties. There is a large loss of Customs revenue through the operations of these "line stores" and drastic action should be taken in respect thereto.

Section 285A, to be read with this section, provides that the Court shall have no power to impose less than the minimum sentence in prosecutions under the Customs Act, and where there is a conviction for an offence declared to be an indictable offence shall have no power to suspend sentence.

CUSTOMS SUPERVISION OVER FACTORIES LOCATED NEAR BOUNDARY LINE

PRESENT

PROPOSED

This is a new section designed to give the Minister of Customs power to properly cope with the situation which now exists at various border points.

213B. The Minister of Customs and Excise shall have the right whenever he deems it advisable to station a Customs officer in any factory or building used for commercial purposes and situated adjacent to the boundary between Canada and the United States at the expense of the owner or tenant, to ensure that goods, other than goods purchased in Canada, brought into the factory are imported through a regularly established port of entry. And the records of the factory or other business shall be open at all times to inspection by officers of Customs. And the Minister may require that all entrances to such factories and buildings shall be secured by Crown locks during such times as the Customs officer is not on duty.

(2) The Minister shall have the power to make such regulations as he deems necessary or advisable for the protection of the revenue in enforcing the provisions of this section.

Explanatory Note.—In order to enable the Department to properly cope with the situation which now exists at certain border points, we recommend that the Minister of Customs be given authority to place a Customs officer in any factory or building situated at or near the boundary between Canada and the United States.

This proposed section would give the Minister the power to deal with any such buildings used for commercial purposes much the same as bonded warehouses are dealt with. It would ensure the collection of duties properly payable by firms located along the boundary line.

PERSONS ON BOARD A SMUGGLING VESSEL

PRESENT

216. Every person who is proved to have been on board any vessel or boat liable to forfeiture for having been found within one league of the coasts or shores of Canada, having on board or attached thereto, or conveying or having conveyed anything subjecting such vessel or boat to forfeiture, or who is proved to have been on board any vessel or boat from which any part of the cargo has been thrown overboard or destroyed, or in which any goods have been unlawfully brought into Canada, shall, if he has been knowingly concerned in any of such acts, incur a penalty of one hundred dollars.

PROPOSED

216. Every person who is proved to have been on board any vessel or boat liable to forfeiture for having been found within one league of the coasts or shores of Canada, having on board or attached thereto, or conveying or having conveyed anything subjecting such vessel or boat to forfeiture, or who is proved to have been on board any vessel or boat from which any part of the cargo has been thrown overboard or destroyed, or in which any goods have been unlawfully brought into Canada, shall *be liable on summary conviction before two Justices of the Peace to a penalty not exceeding two hundred dollars and not less than fifty dollars, or to imprisonment for a term not exceeding one year and not less than one month or to both fine and imprisonment, unless such person establishes that his presence on such vessel or boat was innocent and further establishes that he was not concerned in any of such acts aforesaid.*

Explanatory Note.—The presence of any person on board a vessel engaged in smuggling should be prima facie evidence that such person had knowledge and was concerned in the doing of those things which make the vessel subject to forfeiture.

We recommend that this section be strengthened by shifting the burden of proof from the Crown to the person proved to have been on board; by increasing the maximum fine from $100 to $200; and by giving the Courts power to sentence the person to a term of imprisonment in cases where the circumstances justify a term of imprisonment.

PERSONS BEING IN POSSESSION OF OR DEALING IN SMUGGLED GOODS

PRESENT	PROPOSED
(As amended in 1925.)	
219. (1) If any person knowingly harbours, keeps, conceals, purchases, sells or exchanges any goods unlawfully imported into Canada, whether such goods are dutiable or not, or whereon the duties lawfully payable have not not been paid, such goods, if found, shall be seized and forfeited without power of remission, and, if such goods are not found, the person so offending shall forfeit the value thereof *without power of remission.*	219. (1) If any person *without lawful excuse, the proof of which shall be on the person accused,* harbours, keeps, conceals, purchases, sells or exchanges any goods unlawfully imported into Canada, whether such goods are dutiable or not, or whereon the duties lawfully payable have not been paid, such goods, if found, shall be seized and forfeited, and, if such goods are not found, the person so offending shall forfeit the value thereof.
(2) Every such person shall, in addition to any other penalty forfeit a sum equal to the value of such goods, which may be recovered in any court of competent jurisdiction, and shall further be liable on summary conviction before two Justices of the Peace, to a penalty not exceeding two hundred dollars and not less than fifty dollars, or to imprisonment for a term not exceeding one year and **not less than** one month, or to both fine and imprisonment.	Sections 2 and 3 unchanged.
3. Where the goods so harboured, kept, concealed, **purchased, sold, or** exchanged are of the value of two hundred dollars, or over, such person shall be guilty of an indictable offence and liable to a term of imprisonment not exceeding seven years and not less than one year for a first offence, and to a term of imprisonment not exceeding ten years and not less than three years for a second and each subsequent offence.	

Explanatory Note.—Under section 264 of the Act the burden of proof in Customs cases is placed on the owner or claimant of the goods seized and not on the crown. The word "knowingly" in this section might be held to place the burden of proof on the Crown in any proceedings taken under this section and we recommend that the burden of proof that the possession is innocent possession be placed on the person in whose possession the goods are found.

Section 285A, to be read with this section, provides that, in prosecutions under the Customs Act, the Court shall have no power to impose less than the minimum sentence and, where there is a conviction for an offence declared to be an indictable offence shall have no power to suspend sentence.

SMUGGLING BY PERSONS CARRYING OFFENSIVE WEAPONS

PRESENT	PROPOSED
	This is a new section dealing with smuggling by persons carrying offensive weapons. 220A. Everyone is guilty of an indictable offence and liable to imprisonment for ten years who, while carrying offensive weapons, is found with any goods liable to seizure or forfeiture under this Act or any law relating to the Customs, knowing such goods to be so liable.

Explanatory Note: This section is copied from section 117 of the Criminal Code. Customs Officers, however, are not usually conversant with the provisions of the Criminal Code and we therefore recommend that this section be inserted in the Customs Act.

BRIBERY OF, AND BREACH OF TRUST BY CUSTOMS OFFICERS

PRESENT	PROPOSED
252. Every officer of the Customs, and every person employed, with the concurrence of the Minister, for the prevention of smuggling, who makes any collusive seizure, or delivers up, or makes any agreement to deliver up, or not to seize any vessel, boat, carriage, goods or thing liable to forfeiture under this Act, or who takes or accepts a promise of any bribe, gratuity, recompense or reward for the neglect or non-performance of his duty, is guilty of an indictable offence, and liable for every such offence to a fine of five hundred dollars, and to imprisonment for a term not exceeding two years and not less than three months, and shall be incapable of serving His Majesty in any office whatsoever.	252. Every officer of the Customs, and every person employed, with the concurrence of the Minister, for the prevention of smuggling, who makes any collusive seizure, or delivers up, or makes any agreement to deliver up, or not to seize any vessel, boat, carriage, goods or thing liable to forfeiture under this Act, or who takes or accepts a promise of any bribe, gratuity, recompense or reward for the neglect or non-performance of his duty, is guilty of an indictable offence, and liable for every such offence to a fine of *one thousand dollars,* and to imprisonment for a term not exceeding *five years and not less than one year,* and shall be incapable of serving His Majesty in any office whatsoever.
2. Every person who gives, offers or promises to give, or procures to be given, any bribe, recompense or reward to, or makes any collusive agreement with any such officer or person as aforesaid, to induce him in any way to neglect his duty, or to conceal or connive at any act whereby the provisions of this Act, or any law relating to the Customs, trade or navigation, may be evaded, is guilty of an indictable offence and liable for every such offence to a fine of five hundred dollars, and to imprisonment for a term not exceeding two years and not less than three months.	2. Every person who gives, offers or promises to give, or procures to be given, any bribe, recompense or reward to, or makes any collusive agreement with any such officer or person as aforesaid, to induce him in any way to neglect his duty, or to conceal or connive at any act whereby the provisions of this Act, or any law relating to the Customs, trade or navigation, may be evaded, is guilty of an indictable offence and liable for every such offence to to a fine of *one thousand dollars,* and to imprisonment for a term not exceeding *five years and not less than one year.*

Explanatory Note.—Bribery of a Customs Officer is a serious offence and severe punishment should be provided for any officer who is unfaithful to his trust, and for any one who attempts to corrupt an officer. We therefore recommend that the fine be increased from five hundred to one thousand dollars and that the maximum term of imprisonment be increased from two to five years. In recommending the increased term of imprisonment we do so in order that there shall be no conflict between this section and section 160 of the Criminal Code which provides that a Customs officer who commits any fraud or breach of trust is guilty of an indictable offence and liable to five years imprisonment.

Section 285A, to be read with this section, provides that the Court shall have no power to impose less than the minimum sentence in prosecutions under the Customs Act and, where there is a conviction for an offence declared to be an indictable offence, shall have no power to suspend sentence.

CROWN TO BE ENTITLED TO COUNSEL FEE

PRESENT	PROPOSED
272. In every prosecution, information, suit or proceeding brought under this Act for any penalty or to declare or enforce any forfeiture or upon any bond given under it, or in any matter relating to the Customs or to trade or navigation, His Majesty, or those who sue for such penalty or forfeiture, or upon such bond, shall, if they recover the same, be entitled also to recover full costs of suit. 2. All such penalties, and costs, if not paid, may be levied on the goods and chattels, lands and tenements of the defendant, in the same manner as sums recovered by judgment of the Court in which the prosecution is brought may be levied by execution; or payment thereof may be enforced by capias ad satisfaciendum against the person of the defendant under the same conditions and in like manner.	Subsection 1 remains unchanged. 2. The costs of suit shall include a reasonable counsel fee, in the discretion of the Court. 3. The present subsection 2 will become subsection 3.

Explanatory Note.—This section provides that where successful in a prosecution the Crown is entitled to recover full costs of suit.

We recommend the addition of a proviso that the cost of suit should include a reasonable counsel fee in the discretion of the Court.

There is a precedent for this provision in the Food and Drugs Act.

MINIMUM PENALTIES AND SUSPENDED SENTENCE

PRESENT	PROPOSED
	New Section 285A—to provide that the Courts shall have no power to impose less than the minimum penalty in cases of conviction and shall have no power to suspend sentence. 285A.—Notwithstanding the provisions of the Criminal Code or of any other statute or law, the Court shall in any prosecution, suit or proceeding under this Act have no power to impose less than the minimum penalty prescribed and shall in all cases of conviction when both fine and imprisonment are provided for, impose both fine and imprisonment. 2. Notwithstanding the provisions of the Criminal Code or of any other statute or law, the Court, in the case of a conviction of any person charged with an indictable offence, shall have no power to suspend sentence.

Explanatory Note.—Section 206 as amended in 1925 contains a provision for minimum penalties in respect of prosecutions for smuggling goods valued at $200 or over,—the provision being incorporated as subsection 4.

We are recommending that a number of other sections in the Act be brought into line with section 206 in the matter of increased penalties for violations of the Customs law, and we strongly recommend that in all cases of prosecutions in the Courts there should be a provision requiring the Courts to impose at least the minimum penalty provided for in the Act, and to impose both fine and imprisonment where both are provided for.

Experience has shown that such a provision is necessary in the suppression of smuggling. Experience has also shown that certain Magistrates will, after

conviction, suspend sentence even though the case is one where the Criminal Code does not permit of suspending sentence and we are therefore recommending that a provision be inserted in the Customs Act specifically providing that the Court shall not have the right to suspend sentence in the case of any person convicted of an indictable offence.

The insertion of a separate section would obviate the necessity of incorporating the provisions desired as subsections to the various penalty sections of the Act.

SECOND OFFENCES

PRESENT	PROPOSED
	New Section 285B.—based on section 1053 of the Criminal Code dealing with second and subsequent offences. 285B. Everyone who is convicted of an indictable offence for any infraction of the Customs Act, committed after a previous conviction for an indictable offence, is liable to imprisonment for a term not exceeding ten years and not less than three years.

Explanatory Note.—Section 1053 of the Criminal Code provides that on a second conviction for an indictable offence, the punishment shall be ten years imprisonment.

We recommend that this section should be inserted in the Customs Act, as, when prosecutions are instituted for infractions of the Customs Act, the Courts quite naturally look at the Customs Act to ascertain what penalty should be imposed and would be very likely to overlook the penalty provided in the Criminal Code for second offences unless their attention was specifically directed thereto. The Criminal Code section does not specify any minimum term but we recommend that the minimum be three years, which is the minimum provided for in section 206 for second and subsequent convictions for smuggling.

BAIL

PRESENT	PROPOSED
	Recommendation *re* Bail We recommend, in all cases where persons are arrested and charged with offences against the Customs laws, that bail should only be granted on the written consent of counsel retained by the Crown to prosecute, or, in the interim between the arrest and the appointment of such counsel, on the written consent of the Crown Attorney or Crown Prosecutor, and that in all cases cash bail be required in a substantial amount, which in no case shall be less than double the amount of the maximum fine or penalty to which the offender would be liable on conviction.

Explanatory Note.—There have been too many cases where "straw bail" has been accepted from well-known smugglers who promptly disappeared and could not subsequently be located. Accordingly we believe there should be a special provision in the Act as to the conditions under which bail may be granted in Customs cases.

Hon. Mr. BENNETT: Mr. Sparks, you have not dealt with the operation of the Civil Service Act, in respect of some of the recommendations.

Mr. SPARKS: Our recommendation is perfectly clear, respecting some of the points.

Hon. Mr. STEVENS: I should just like to draw attention to this; there are some very important matters in these recommendations. I must say I think this organization must have given very intimate study in the preparation of this report.

The CHAIRMAN: If it is agreeable, I will order all the report to be printed in the evidence.

Mr. SPARKS: That would be very agreeable to me. I may say that the business community consider this report, when it is placed before Parliament, will be one of the most important public documents which Parliament has received in many years. I have taken this matter very seriously.

The CHAIRMAN: I quite agree with you.

Mr. SPARKS: I have given my time for two years; have obtained the best legal, technical, and business advice, in order to bring before this Committee recommendations which are practicable.

These recommendations are perhaps much more important with reference to constructive suggestions, rather than destructive; we are much more interested in this particular phase of the situation, than the destructive part of it.

Mr. BELL: Just before you leave that, may I refer to page 13, under the heading, "Prosecutions for Wholesale Smuggling and Undervaluation." I notice you specify these two things. Would there be any objection on your part to including the mis-description of articles? Because we had a visit from a representative of one of the Boards of Trade, who came before the Committee and told us that it was the most important portion of the Department of Customs. If you have no objection, I should like that item to be included.

Mr. SPARKS: The Act describes the practice of smuggling, and the committing of other frauds upon the revenue, which we have just described, as undervaluation; the Act itself provides for that.

Mr. BELL: I know it does; I merely want it specified.

By Hon. Mr. Bennett:

Q. You have made a recommendation, Mr. Sparks, that the number of Customs Houses be greatly lessened; has your committee considered that many of these small places, on the sea-coast, were established for the convenience of people; for the inspection of ships coming into the small places; that it is necessary for them to enter along the coast throughout the Maritime Provinces. When I was a boy, I remember this. If they had to travel many miles to reach a Customs House in order to enter the ship, it would cause very great inconvenience. Usually the goods entered are not of very great value; it is a question of convenience. And what is true in respect of the Maritime Provinces is true to no inconsiderable extent with regard to the prairies. I have seen a number of these small places, at which entries could be made, grow up in the last fifteen to twenty years, at long distances away from, for instance, Calgary and Edmonton, where there are little sub-ports.

Do you consider that difficulty would be encountered in endeavouring to close these small places?—A. The best guide in that connection is obtained from a study of what is done in the United States—not that we should follow American methods—but the United States and Canada are the only two large countries utilizing the ad valorem duty. In the United States they are apparently able to efficiently function with ninety-five seaports; whereas we have one hundred and ninety-five. We think there can be a very large reduction in the Maritime Provinces, of Customs ports, without causing very much inconvenience. I freely admit that the closing of four hundred ports will somewhat interfere, from the standpoint of convenience. That subject must be

regarded from three standpoints: First of all efficiency, economy and convenience, and on the grounds of efficiency and economy this reduction is more than justified. Of course there is some inconvenience.

Q. Take the case of a schooner going up the Bay of Fundy, and it stops at some small place along the coast, I think in the early days there was no Customs House at which she could enter and the Master had to land and drive a distance of some eight or ten miles to enter the ship. Now, is efficiency added to by compelling him to do that as against the establishment of a small sub-office where the Collector receives a remuneration of $12.50 a month? You would hardly think that that would increase the efficiency?—A. I might point out—

Q. This is an individual case?—A. Yes.

Q. I remember that as a boy?—A. We have not made any definite recommendations in connection with that. We point out in Clause 3, on page 5, "Ports of Entry on the Atlantic and Pacific Coasts and the Great Lakes to be determined by shipping requirements." We set that out for the benefit of the Committee, and also state that there are sixteen thousand miles of inhabitated coast line in the United States, a large commercial country, and they can carry on their business satisfactorily. It might be assumed that Canada, with a much less inhabited coast line, would require fewer ports of entry.

Q. The point is that these are inland ports, and I was going to speak about inland ports. For instance, in the Province of Alberta in the early days there was no Customs House at Red Deer; you could make no entries at Red Deer. There was a port established at Edmonton, and you will agree that necessarily there must be a Customs House at every place where a railway crosses a boundary; you cannot escape that?—A. Absolutely not.

Q. The establishment of a sub-port becomes necessary when a railway travels through an inland port. It was found to be very inconvenient not to have a port at Red Deer, and a port was afterwards established. It was found to be more efficient and more economical to have small inland ports.—A. In connection with the report the character of the goods imported is dealt with. The Customs officer who deals with these goods must be of a certain type, and have some knowledge of them.

Q. I hope you realize the great difficulty in some of these remote sections of the West when we had no sub-ports and had to travel some distance in order to have the goods appraised. I think, at one time, there were only two ports in the Province of Saskatchewan.—A. There is only one in the State of Arizona.

Q. Very few goods come into Arizona that have not been entered at the sea-board.—A. We think that is a splendid plan.

Q. The new parcel post system has brought about considerable business with Great Britain, and there is not a day when mail is distributed in Western Canada that large quantities of parcels do not go through the Customs House. A very considerable number of the people are from the Old Country and they get the benefit of the preferential tariff. I have seen boots come through by post, and I have also seen clothes. I see the difficulty which will be met in connection with interior ports.—A. We suggest that post offices might be made places where entries could be made, and the parcel could then go to the nearest Customs Officer and there the amount of duty would be assessed, and it could be sent to the local post office of the consignee and the amount collected. That would be an inland port. In Arizona there is only one port.

Q. If you only had one in Alberta it would be absurd. Conditions are so vastly different in Arizona. The United States is more or less a self-contained country and almost all importations into the United States are duty paid at Boston, Philadelphia and other points on the Atlantic coast and on the Pacific coast. The stuff can be shipped through on a through bill of lading to the point

of ultimate destination. I suppose you know more about that condition than I. There is a great difference between the port of New York and the port of Montreal; at Montreal you will find goods consigned to Calgary, Edmonton or Saskatoon, whereas at New York practically everything is cleaned up there.—A. Great Britain has only eighty ports, and yet the industries of Great Britain are well safe-guarded. It raises the question of ad valorem. In Europe the whole question is entirely different. Our system is more equitable, but somewhat difficult to demonstrate. Where the ad valorem system is in operation it requires more efficiency.

Q. The sum total of the goods, of the value of the goods that pass through the United States is very much greater than those passing through Canada?—A. Yes, there is no doubt about that. But we are led to believe that if duties had been paid a very large sum would have passed to the Government.

Q. Now, one has to think of this from the standpoint of the business of the country as a whole, and to shut up a number of these small places that may serve the businesses of the different communities, would cause considerable inconvenience. That is the main object in connection with the establishment of these ports, and I have not observed any abuse of the system?—A. We have observed it. You had a witness before you here who stated—I think it was Clarenceville—where the Customs officer got a salary of $500 a year, and his collections at the port increased from $1,000 to $8,000.

Q. That might be due to increased trade?—A. We do not think so.

Q. It might be?—A. Yes.

Q. You are agreed that you have to have a Customs office at every point where transportation crosses the boundary?—A. Yes.

Q. You must have a Customs House at the large ports?—A. Yes.

Q. On the main highways or arteries of traffic you must have a Customs House?—A. Yes.

Q. You will agree that where traffic crosses the boundary line at a particular point there should be a Customs House?—A. Yes.

Q. Is not that almost impossible to eliminate?—A. The traffic could be concentrated at one particular point.

Q. That is a very important point which must be given careful consideration.—A. I am hardly inclined to believe that the Collector of Customs can be depended upon to stop smuggling. Experience shows that the Collector is there to receive money, and the preventive feature must be taken care of by some other organization, preferably mobile, moving from point to point. I think it would soon be established where these goods were coming in, and what roads were being used.

Q. I direct your attention to this point, that the United States is not depending upon Canada for goods to the same extent that Canada obtains goods from the United States, and therefore, there would not be so much smuggling into the United States of merchandise.—A. There is one class of merchandise.

Q. Excepting liquor, we have practically nothing to offer them, which would lead to smuggling?—A. No.

Q. Whereas, we are provided with many things from the United States that are an incentive to smuggling?—A. Yes.

Q. I recall one time when the price of wheat was very high in Western Canada, and wagons and automobiles were being used to take the wheat across the boundary line into Dakota, that was because the price was much higher and there was no way in which that could be dealt with or no way in which you could check it up, as you could at a point which is established on the boundary line.—A. There is no doubt that there are many difficulties. We recognize it is a good thing to have unlimited traffic, but still we suggest that

the number of ports should be considerably cut down. This must be done in our view in order to deal with the wholesale smuggling of goods. I am free to admit the difficulty, but we must face it.

Q. You suggest that the recommendation which you make in regard to the lessening of the number of Customs Houses would assist in the cure? I am trying to test your recommendation for the purpose of seeing how far that will cure, but I cannot conceive, for instance, of the public receiving satisfactory service when a number of these ports are eliminated. I happen to recall that along the shores of Nova Scotia, when a ship would come in, the master would have to travel ten or twelve miles to enter the ship. He would be obliged to proceed to an inland port in order to enter.—A. It is a debatable question.

Q. It is very difficult for a group of men, able and sincere, to sit down and suggest that you should close three or four Customs Houses in a country like Canada, without taking into consideration the business of the area.—A. I think we had all these points before us when we were drawing up our recommendation. I might say, there is no point you have mentioned that has not been considered by us. This is a matter I have given a lot of thought to for a number of years. I recall discussing the matter with the Hon. Mr. Fielding, whose judgment, in my opinion, is sound, and Mr. Fielding agreed that we had too many ports. I remember discussing it with Mr. Robb, and I do not think Mr. Robb would have any objection to my saying here that he expressed the views that we had too many. I have discussed the matter with officers of the Customs Department who have agreed there would be greater efficiency and economy. We were trying to look at it as though we were a board of directors looking upon a serious problem.

Q. The records indicate that there has been a large amount of public money expended to build up this system to meet the convenience of the public. A.—We believe there is a tremendous loss of revenue now. We are not satisfied to have a man being paid $200 a year with the authority of the Government to stamp "duty paid" on any invoices. It is beyond human power to resist the temptation that that man is under. We do not think any man getting that money should have power to value goods.

Q. You have studied this question more carefully than I, but my knowledge teaches me that the volume of goods handled at a small port would be small.—A. There would be much more opportunity for smuggling at these smaller ports, and the revenue would be defrauded to a considerable extent.

Q. Customs reports do not indicate the volume of goods entering at small ports to be large.—A. No, but we think they are.

By Hon. Mr. Stevens:

Q. Your point is, that the professional smuggler prefers to work through these small ports?—A. Yes.

Q. They smuggle goods through and the goods are not shown in the records? —A. No, we had one witness who increased the revenue from $1,000 to $8,000.

By Hon. Mr. Bennett:

Q. Your contention is, they work for the salary they receive?—A. Yes. There can be no appraisal, in the proper sense of the term, at a port of that kind. These men have authority to classify the goods that come in, and very often they put in wrong classifications. We have no doubt about that.

Q. You must maintain these ports for the convenience of the public, but you suggest, as far as the entering of the goods is concerned, that that should be referred to the main ports?—A. I do not think there would be any inconvenience under the circumstances.

Q. In some places you will find that these ports have been established for a quarter of a century?—A. Yes. We have three hundred and twenty-two inland ports and I think fifty would take care of the business.

Q. What have you in mind with respect to the ability of appraisers?—A. We have in mind the abolition of the authority given to these Customs officials. We do not think they are competent to deal with questions of classification.

Q. That would involve men who know something of merchandise, such as silks, hardware, etc?—A. Yes.

Q. This board of appraisers, you suggest, would necessarily be composed of more than two or three; it would have to be several men?—A. Five, we recommend.

Q. You realize these men would have to be fairly well paid?—A. Yes.

Q. You know the practice pursued in the United States?—A. Yes.

Q. Have you investigated the success of this operation in the United States? —A. Yes, they have nine in the United States and they divide them into parties of three. They have a court of appeal to the Treasury Department.

Q. An appeal to the Treasury Department?—A. Yes.

Q. That court of appeal is composed of men who are in receipt of substantial salaries?—A. Yes, the salaries are set out in the regulations.

Q. Do you suggest we should have an appeal court here?—A. To the Exchequer Court. We have it in our recommendation either to the Governor in Council or to the Exchequer Court.

Q. One is a political tribunal and the other is judicial.—A. We would prefer the Exchequer Court.

Q. I am pointing out the important political situation. The Governor in Council is a political tribunal and the Exchequer Court is a judicial tribunal. You prefer that an appeal should go to the judicial tribunal?—A. Mr. Bennett, you will observe that we do not desire to take any responsibility from a Minister, or from the government, but we have tried in our recommendation to delegate to other bodies such matters as we believe they could deal with. We are not suggesting taking from the Minister the responsibility of his Department. That is based on sound democratic principles.

Q. There is a tendency, at this time, to take power out of the Minister's hands, because he is a politician.—A. Yes, that would be an admission of weakness, and I am not prepared to make any recommendation that would remove the responsibility from the Minister. But there are matters which we do not think he is competent to deal with.

Q. You suggest a board of five; you would suggest they be paid a decent salary?—A. Yes.

Q. Have you in mind any salary?—A. $8,000 or $10,000 a year.

Q. Each?—A. Yes.

Q. Their appointment would be for what term?—A. I have not in mind—

Q. I want to get your mind.—A. I cannot suggest anything.

Q. This would be a board of considerable importance?—A. Yes.

Q. The Exchequer Court pays a fairly good salary, and the remuneration suggested by you would amount to what is paid in the Exchequer Court?—A. Yes. The selection of the board of appraisers would be very important.

The CHAIRMAN: Why not appoint them for ten years?

Mr. DOUCET: And you would have power to dismiss them.

By Hon. Mr. Bennett:

Q. What I have in mind is that this would be a judicial body, and the members would be paid large salaries. You suggest a number of men to act in this capacity, who would receive salaries greater than the judiciary, and you at once invite discussion.—A. The whole question of salaries is a big question, I realize. When you take into consideration the amount of money which is collected by the Department, one hundred and thirty-five or one hundred and forty million dollars revenue, it is a big amount, and we regard the collection of the revenue as very important. If we were collecting the amount of money

which should be collected, we would have no trouble; we would have no financial problem and have no taxation problem. To my mind we will never get one hundred per cent efficiency in connection with smuggling, but the object of the recommendations is that efforts should be made to prevent it as far as it is possible, which will result in a large increase of revenue.

Q. You realize there has been a great shifting of traffic since the Panama Canal was built, and the water route to the Pacific Coast established?—A. Yes.

Q. You realize also, as you suggest, that a court of appeal involves an appeal to the Exchequer Court, which would entail weighty problems arising out of the volume of trade that is now carried on in interior portions of the country? —A. Yes.

Q. I am referring particularly to Western Canada, and referring to points as far east as Moose Jaw, on the main line of the C.P.R., or as far east as Saskatoon; that is a problem that should be considered.—A. We have partially dealt with that. This board of appraisal will be able to move from place to place just as the Railway Commission does. Further, we had in mind, a board of five, and three would constitute the board to hear cases. We also had in mind that the members of the board of appraisal could be constantly travelling and reviewing and studying conditions in the various parts of the country. It was not part of our discussion that the board should not necessarily meet in Ottawa. We suggested a board of appraisal that could move from place to place and review conditions.

Q. The volume of trade with the west, to the Pacific coast, is increasing very rapidly. I just present this for your consideration, because it seems to me that with the right of appeal to the Exchequer Court from the decision of the Board of Appraisers, there would probably be a large number of them?—A. We think not; we think that with a Board of Appraisers, constituted of sound business men, there would not be many appeals. We think it would eliminate appeals. As a matter of fact, to-day, the Board of Customs deals with appeals; the Deputy Minister may have to deal with matters relating to the Department of which he is a member. That is a very unsound position, because the Deputy Minister, more or less dominates—I am not speaking improperly—the situation; his mind is made up. It is very unsatisfactory to go before a Board of Customs, so constituted. That Board of Customs should be abolished; there should be a new board created.

Q. For example, we will say there is a consignment of goods destined for Edmonton, which reaches the Port of St. John in the winter time, routed on through bill of lading from London, via C.P.R. boat, loaded on the car and taken to Edmonton, to be appraised by the Customs Officer at Edmonton, in the usual way. Under your suggestion, such goods would have to be appraised at St. John?—A. Oh, no, not at all.

Q. You think it is a better plan, probably?—A. We propose to have a capable appraiser at Winnipeg, Calgray, and Edmonton.

Q. We have goods destined to Edmonton; if the owner at Edmonton is dissatisfied with the appraisal, what is the present suggestion?—A. If the goods are appraised, and the purchaser is dissatisfied with the appraisal, he may ask for a reference of the matter to the Board of Appraisers.

Q. And from the Board of Appraisers to the Exchequer Court?—A. Yes.

Q. That is the position you suggest?—A. We leave it to the decision of the Exchequer Court, or to the Governor-in-Council.

Q. One being more speedy, but political in character; the other being judicial, but less rapid?—A. Yes. I may say that Mr. McCormick advises me there are practically no appeals now from the Customs; there is still an appeal to the Governor-in-Council.

Q. I do not know of one being taken in five years?—A. Exactly.

Q. You have heard the evidence of various witnesses with respect of the supervision of vehicular traffic over bridges and ferries?—A. Yes, sir.

Q. It is perfectly clear, Mr. Sparks, is it not, that you cannot have in mind the examining of every vehicle at ferries and bridges?—A. Positively not; it is utterly impossible.

Q. You are clear as to that?—A. It is absolutely impossible.

Q. All you need to do is to present a system which would afford stringent examination of more vehicles that travel over ferries and bridges?—A. Yes. Take Windsor; it presents a most difficult problem; boats land every three minutes. We will say that ten or a dozen expert preventive officers arrive in Windsor to-day; the boat arrives, and the passengers on that boat are carefully examined—to use a slang expression, with a fine-toothed comb. Such an examination may not occur again in two weeks; it may occur to-morrow. An investigation of that sort, because of the uncertainty, will deter smuggling at a border point. The professional smuggler must be arrested, prosecuted, and put in jail. The true solution is to find out, first, who are the professional smugglers. Now, supposing I could go to Detroit with two or three first-class investigators; within six weeks' time, we could pretty well know who the professional smugglers are; we could not get them as they passed the Customs barrier, and put them in jail for twelve months, under one section; and that would solve that problem. The petty smuggling, you cannot solve.

Q. There is only one other matter I should like a little information about. You speak of rectifying the situation existing at Rock Island, and other border points. A portion of that difficulty arises by reason of the construction of the buildings over the boundary?—A. Yes, sir.

Q. I am not sure whether your committee has considered the question in all its bearings. Have you considered how far the province may have rights in the premises, and might, or might not, be overborne by the Dominion authorities in connection with revenue? Have you thought about it?—A. Yes. I say, "If within the power of the Parliament of Canada—"

Q. I noticed that, but what I want to come at is whether your committee had that in mind?—A. Our committee did have that in mind. I refer to section 213 and 213A of the Customs Act, which provides that where smuggled goods have been found in a building, that building shall be demolished.

Q. Condemned?—A. Yes, destroyed, taken down and removed.

Q. As a receptacle that carries contraband goods?—A. Practically all these firms had seizures made in 1924. We suggest, in these cases, the immediate removal of the buildings from where they now stand.

Q. The only point I had in mind was with regard to a building, one portion of which was on one side of the line, and the other portion on the other side of the line; could the Department interfere with the building on the other side of the line?—A. In the majority of the United States of America there is a regulation preventing the building of buildings within a certain distance of the boundary line; that refers to unpatented lands. We realize there is some difficulty in such cases, but sections 213 and 213A are quite clear; the Department can go and re-open those cases—relating to 1924—I presume.

Q. I should think there are enough cases that have since happened, so there will be no difficulty on that score?—A. I think so. There is one point I would like to emphasize, if I am permitted; with regard to the organization of the investigating staff.

Q. That is the very matter I was going to mention?—A. My own view is, and I have had some experience, that the type of investigator employed to-day in the Preventive Service is useless.

Q. Do you draw a distinction btween the preventive and investigation staffs?—A. The investigating staff would come under the Preventive Service.

Q. You realize the value of an investigator in the Preventive Service not being known?—A. There is not so much in that.

Q. One witness spoke of that, in his testimony, and rather convinced me of the value of what is called "Secret Service"?—A. I do not agree with that view. My own view is this; in these recommendations I express the view that ten competent investigators would save this country $10,000,000. I think there would be great difficulty in getting these ten men; there are very few competent investigators in Canada. I think that if the Department advertised for those men, not one would apply; I think the Department will have to go and search them out. I know, as a matter of fact, the C.P.R. have one or two good men; the Canadian National Railways have one or two good men; there are one or two good men in the R.C.M.P.; and on city police forces, there are several outstanding men. My view is this; if there were ten men of that type—men who would go to the bottom of things—and one of those men went to Montreal, or Toronto, and acted as supernumeraries, having in charge a staff of ten or fifteen men, who could do the shadowing, or strong-arm work, an efficeint investigation could be conducted.

Q. I fancy Mr. Stevens can tell you, that despite the expenditure of vast sums of money in respect of the narcotic business, in connection with the Chinese, on the Pacific coast, there is still evidence that that traffic is not entirely under control. I was curious to know how that situation could be dealt with, having regard to the difficulties to which you, yourself, have alluded when giving evidence before this Committee, in the early days of the sittings?—A. I do not think, Mr. Bennett, there is one case of smuggling that we have on the files that cannot be brought to justice, if there is a proper investigation. I am convinced it is not the lack of the number of investigating officers, but the lack of officers with investigating brains, with energy, and not afraid of the smugglers. I know, from experience, what one energetic, honest officer can do, who has investigating brains.

Q. You are making a distinction between the Preventive Service and the Investigating Service. You say the Investigating Service is part of the Preventive Service?—A. Yes.

Q. You say the man who should be at the head of the Preventive Service must be of extraordinary equipment?—A. The head of the Investigating Service, the chief executive officer, should be a real investigator. No one else should be made Chief Preventive Officer. I think that is the key of the whole situation.

Q. The question of appointments becomes important, having regard to the Civil Service Act; have you any observation to make as to how the appointments should be made?—A. We have recommended that these important appointments should be made by the Chief Preventive Officer himself. He will have to search for those men.

Q. You say those men should be appointed by the Governor in Council?—A. Yes, by the Governor in Council. He should have the selection of the more important men, at least, that are to be employed in his service.

Mr. McCormick: If I may say; when the Preventive Service was first formed, the Chief Preventive Officer had the selection of his own men; that was Mr. Jones; and he selected his men having regard to their ability. I think the men selected by Mr. Jones, in every case, have proven satisfactory, and have been efficient officers. If you just turn a man over to the Preventive Service, without the Chief Preventive Officer having the right to choose his men, you are going to weaken the service. When Mr. Jones was Chief Preventive Officer, he practically closed up the smuggling of liquor from St. Pierre, in those days. He had a very serious situation to contend with, but he was able to meet that situation by reason of the fact that he was allowed to go out and select his own men, and to choose his own method of operating. If he had had to report to the Department, he never could have done it. He went out on his own initiative.

He secured the co-operation of the United States officers, and was able to practically close up the smuggling at St. Pierre. We think it is most important that the Chief Preventive Officer should select his own staff, without any reference to the Civil Service Commission at all.

By the Chairman:

Q. What salary do you recommend the Chief Preventive Officer should get?—A. I think he should have the right to designate what salary he considers to be necessary.

Q. You consider he should have the right to decide what salary should be paid to the investigators?—A. Yes; he is the man who is in the best position to determine it.

Q. To choose his own men, independent of the Civil Service Commission?—A. Yes.

Mr. SPARKS: You must be sure of the men you are going to employ. Sometimes you get men who are employed in the work of investigating and you become suspicious that he is working with the other side, and cannot trust him. The Chief Preventive Officer should be able to dismiss that man at once, and he should be able to dismiss him without having to give any reason, so long as he suspects him. Because, some men will get in collusion with the other side.

By Mr. Kennedy:

Q. Is there anything in the Civil Service Act to prevent the officer from going out and getting good men?—A. I am not sufficiently familiar with the Act. There is great complaint from the Department.

Q. Why do you substitute the recommendation of the Minister for the Civil Service Commission?—A. We suggest recommendation by the Chief Preventive Officer, and that the appointing be done by the Minister.

Q. The appointing of the Chief Preventive Officer solely on the recommendation of the Minister?—A. We leave the power with the Minister to refuse to appoint this or that man; if he refuses, and there is smuggling of goods, we can get another Parliamentary representative the next year.

Q. Do you think the refusal by the Minister means the same thing as refusal by the Chief Preventive Officer?—A. If he is a citizen, he won't refuse you.

By Mr. St. Pere:

Q. Is the investigating branch of the United States Government in charge of the Burns Agency?—A. No, they have a special agency. "Article 1245: Officers. The Special Agency Service of the Customs is made up of special agents, customs agents, and customs representatives stationed abroad, who are under the immediate supervision of the Director, with headquarters at Washington, D.C. It is a mobile force and the officers thereof are subject to transfer whenever the interests of the service require." It is a regularly appointed force, under the federal laws. If you are particularly interested in that, the whole matter is outlined here.

By Mr. Doucet:

Q. They are apparently directed by the head of the department?—A. Yes, under the Treasury.

By the Chairman:

Q. What is the reference to that statement you read in the book?—A. Customs Regulations, 1923, Treasury Department, United States. Page 631; article 1245.

I might make some special recommendation with regard to moieties. We regard it as a very important matter and there is one phase of it I should like

to mention. Under the regulations, in days gone by, a Customs officer was allowed to participate as informer; that is to say, if a border officer had information which he could not follow up himself, because he was not in a position to do so, but if he said there was a member of the Preventive Service of whom he was suspicious, and gave information; he could then be paid as an informer. Under more recent regulations, a Customs officer is not allowed to share in moieties, as an informer; and we believe he should be allowed to participate. Mr. McCormick was in the Preventive Service, and tells me that in former days a great deal of information came from Customs officers. It is our recommendation that a Customs officer who gives information should share in moieties. If that source of information dries up, because there is nothing in it for the informer, it results in a situation such as we find at Rock Island. At Rock Island, if any of the Customs men had given information to the Preventive Service they would simply have got into trouble without reward. In the recommendations we set out that a Customs officer should be allowed to share in moieties. For example, take a seizure involving $400; $100 would be payable in moieties. If the case was prosecuted, the lawyer would have to be paid, duty taken off, and there would be nothing left for the informer, or seizing officer. We believe moieties should be based upon the—

Mr. CALDER, K.C.: Double duty value of the goods.

Mr. SPARKS: I mean seizure, before deduction of the cost of prosecution, duties, and sales tax. In the United States, they allow a complete moiety of 25 per cent up to $50,000. Our scale is limited, and not only limited, but a large part of the amount which would ordinarily be payable out of the funds of forfeiture, are deducted before the seizing officer can receive his share of the proceeds.

While the value of the informer has been disputed, we are convinced that the informer has a real value. In the United States the informer is given more generous treatment than in Canada. Information must come from informers. The greatest police force in the world—Scotland Yard—obtain their information from informers.

By Mr. St. Pere:

Q. Mr. Sparks, reverting to what you told us a while ago; you stated that a model investigator, inside of three or four weeks, if he went to Detroit, could obtain the co-operation of the American authorities. Have you found anything of the kind?—A. Yes, I am convinced of it; we have never asked for any help from the American officers which they did not gladly give. They are anxious to co-operate with us; they do not get the same co-operation from our side. I have never had any difficulty of that character.

By Mr. Bell:

Q. Of course, at Niagara Falls, and Bridgeburg, the professional smugglers are well-known because of the frequency with which they cross the line. They generally have homes on both sides of the line?—A. Exactly.

Q. You do not need much help in their case?—A. No.

By Mr. Doucet:

Q. A little earlier in the morning, you said you thought there were too many seaports, having special reference to the Atlantic coast. I agree with you, to a certain extent. We have Customs outports at practically every eight or ten miles. In the case of fishing vessels that go for possibly three or four days, and then come back at night; if you take away the Customs officers at those ports, it is going to be made easy for those fishing vessels to get in communication with liquor laden vessels outside of the three-mile limit, getting a portion of the cargo and coming into the harbour without there being a Customs officer to supervise the unloading of those vessels?—A. So far as dealing with liquor

is concerned, Mr. Doucet, I think in that case we might draw some conclusion from the method adopted in the United States. Mr. Bennett has pointed out that there is a distinction in the movement of commodities. In the smuggling of liquor, the United States has a more difficult problem than we have, and, whether successfully or not, they are attempting to deal with it with less seaports than we have. You may be right. The Committee who drafted these recommendations did not have sufficient knowledge to enable them to make any definite recommendation with reference to the seaports of Nova Scotia. All we did was to call attention to the figures relative to Great Britain and the United States, giving you the facts, and telling what we thought should be done.

Q. You said the United States operated under difficulties. You may be right. Under present laws a vessels can come within three land miles. Those fishing schooners, if in the smuggling business, can go out to the fishing grounds for three or four days, before they return to shore. They may purchase liquor from liquor laden vessels, a few cases, come to port, and there is no Customs officer to supervise them. They may unload freely. The Customs officers, sub-collectors, at those outports have been appointed with a view to facilitating the operations of seafaring men, and those men do not feel like travelling fifteen miles to get to a Customs port. It is necessary that these Customs officers should be at seaports in order to prevent smuggling of liquor from St. Pierre Miquelon all along the coast of Nova Scotia?—A. I do not know, Mr. Doucet, as to the effective work which was done on land, in days that have passed; but I know that the Collector of Customs, who lives at a small place, is approached by people who want to smuggle a case of goods once in a while. I do not think you will get an effective blockade by means of local collectors, or sub-collectors; the real effective blockade would be done by strange men who must be brought in, by the Preventive officer, or from some place else.

Q. There should be a penalty clause in the Act, providing for punishment in the case of seizure. We should not allow the Canadian harbours to be used for smuggling on the high seas, because there is a distinction between "land miles" and "nautical miles." If all the waters around Cape North and Cape Ray were Canadian territorial waters, there would be much less smuggling in the Northumberland Strait.

By Mr. Bell:

Q. When you institute a comparison with the United States, you are not overlooking the fact that it costs the United States ever thiry million dollars a year to protect the seaports, with regard to the smuggling of liquor?—A. I would not like to go on record as taking any part in a discussion dealing with the smuggling of liquor. It is not a problem to which we have given thought; we have dealt primarily with the smuggling of commodities, which is a tremendous problem. We do not feel like making a recommendation as to Maritime conditions; we have left that for the Committee. A good many people talk about what they do not know much about, and we are not in that class.

By Mr. St. Pere:

Q. According to your knowledge, is the country losing more money from undervaluation of goods than smuggling?—A. I believe so. I believe that will increase. The liquor smuggling is a problem than can be more or less easily controlled. I think we can stop 80 per cent of direct smuggling, but where people are stopped from direct smuggling they will turn to undervaluation, and we will find an increase in the undervaluation of goods. I think the undervaluation of goods, in the future, is the more serious problem of the two.

Q. That is why you made this recommendation?—A. Exactly.

The CHAIRMAN: You are discharged.

Witnesses discharged.

W. F. WILSON recalled.

By the Chairman:

Q. Mr. Wilson, you are under the oath already taken. Will you bring me a statement showing the number of officers in the Montreal Customs Port Office? —A. Yes, sir.

Q. Civil Service branch and everything; including the City of Montreal, and Province of Quebec, as a whole. The Montreal Customs House and territory surrounding Montreal. I would like to get the number of officers for the whole Province of Quebec?—A. All right, sir.

Q. And the amount of revenue collected for the last five years in the Port of Montreal. Who are the members of the Board of Customs?—A. The Chairman, Mr. Farrow, Mr. Taylor, Mr. Blair, Mr. Breadner, and myself.

Q. When was Mr. Breadner appointed?—A. Some years ago.

Q. When were you appointed?—A. October, 1923.

Mr. CALDER, K.C.: Mr. Chairman, Mr. Sparks would like to make a statement before leaving the stand about some evidence that appeared in the earlier part of the inquiry.

The WITNESS: On page 508, Mr. Walter Duncan was under examination, I got up but did not get an opportunity to speak. Mr. Duncan is giving evidence at page 508, in reply to questions by Mr. Elliott. Mr. Elliott's question is, "Q. Let us have what you believe.—A. My belief is that Mr. Sparks got the information from Mr. Knox who was working for me." I just want to say as a matter of record, and in justice to Mr. Knox, who, in my estimation, is a splendid, honourable and public spirited officer, that Mr. Knox conveyed no information to me of a confidential character.

Witness retired.

The Committee adjourned until 3.30 p.m.

AFTERNOON SITTING

The Committee resumed at 3.30 p.m., the Chairman, Mr. Mercier, presiding.

ALBERT E. NASH recalled.

By Mr. Calder, K.C.:

Q. Mr. Nash, did you have a conference with Mr. Bethel?—A. Yes, sir.

Q. Are you satisfied with the statement he has made to you?—A. I am, with the exception of the position of the bank. I think it would be interesting for Mr. Bethel to explain to the committee what he thinks the American bank proposes to do. It may not be definite, but it would be interesting. Otherwise, I am quite satisfied.

Witness retired.

ERIC GORNALLE BETHEL called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Bethel, have you any statement to make to the committee, in connection with the request made by your firm of the National Bank at Derby Line, that they should furnish you with a copy of the bank account of that firm?—A. I went over to see the President, Mr. Davis, on Saturday, and he told me he could not do anything in the matter without the consent of his Board of Directors. He was going to have a meeting of the Board of Directors, he expected, yesterday, and then he would let us know. I went down to Newport and consulted an attorney there, and he told me we could possibly get the

statement, but to wait, of course, until we got our decision from the president of the bank.

Mr. NASH: I would like to interject here, if I may, that my report from Rock Island at noon is that the president of the bank has now given his decision that nothing could be done before the Board meets at the end of the week, the directors being spread; therefore, we will have to wait until Saturday to know whether we can get the statement or not. This is since I have seen Mr. Bethel.

By Mr. Calder, K.C.:

Q. Did you point out to the bank that if you wanted to get your records for your own purpose, instead of that of the committee, it would be a very embarrassing stand for them to take?—A. I know it, sir.

Q. Are you sure, Mr. Bethel, that the stand was not taken by the bank manager in consequence of a hint, not necessarily from your firm, but from the firms at Rock Island, that it would be expedient for the firms under examination if they did not get their bank accounts?—A. Of course, I don't know about that.

Mr. CALDER, K.C.: It is a most extraordinary state of affairs that a client cannot get his own accounts when he demands them. That is all.

Hon. Mr. STEVENS: I think we ought to have this fact clearly in our minds. Such accounts as we are unable to get from the banks in Newport and in Derby Line are accounts of Canadians or persons doing business in Canada, who have either destroyed or lost their records. The two facts taken together, in my estimation, leave the whole matter under grave suspicion. That is as far as I care to say just now. I am personally, as a member of this committee, not prepared to accept as 100 per cent straight, the responses we have had in this case and other cases.

By Mr. Calder, K.C.:

Q. Are any of the manufacturers at Rock Island directors of the National Bank at Derby Line?—A. Not to my knowledge.

Q. Mr. Jenkins is not a director by any chance?—A. I don't believe so.

Q. Nor Mr. Pike?—A. Not that I know of, sir.

Mr. CALDER, K.C.: That is all. I suppose if we asked for a list of the directors, we would be refused on account of the question of public policy.

Mr. GILLMOR: I can assure you that Mr. Pike is not a director of that bank or any other bank.

Witness discharged.

Mr. CALDER, K.C.: In connection with the Gaunt matter, I summoned Mr. Meredith and Mr. Burgess. I have spoken to Mr. Meredith and he is unable to add anything to what has been said before this committee, and as Mr. Burgess has not appeared in answer to his summons, I must announce, with some regret, that the matter is closed.

The CHAIRMAN: Mr. Meredith, you are discharged. Mr. Bisaillon was also summoned for to-day.

Mr. CALDER, K.C.: In connection with Rock Island, could Mr. Bisaillon add anything to that, or could any reliance be placed upon him if he did?

The CHAIRMAN: Now, in the matter of Blumer Brothers. We have received a letter from Messrs. Clarkson, Gordon and Dilworth, chartered accountants, and our accountants, dated at Ottawa, June 8, 1926, reading as follows:—

PAUL MERCIER, Esq.,
Chairman, Special Committee Investigating the
Administration of the Department of Customs and Excise.

SIR,—We enclose herewith twelve (12) copies of our eleventh interim report, a report dealing with the examination of the books and accounts of Blumer Bros., Montreal.

Nine copies of this report are for yourself and the members of the Committee, two for counsel to the Committee, and one for Mr. Walter Todd, Secretary of the Committee, for his official record.

Yours respectfully,
(Sgd.) CLARKSON, GORDON & DILWORTH.

Mr. CALDER, K.C.: Is this to be read or simply filed? Shall Mr. Nash identify it?

Hon. Mr. STEVENS: There is one point I think should be referred to.

ALBERT E. NASH recalled.

By Mr. Calder, K.C.:

Q. Acting under instructions from the committee, have you investigated the business of Blumer Brothers in Montreal, Quebec?—A. Yes, we have.

Q. Did you have any difficulty in getting the books?—A. None whatsoever.

Q. Were the books properly kept?—A. Well kept.

Q. And you have reported to the committee in the form of the eleventh interim report?—A. That is right, yes.

Hon. Mr. STEVENS (to Mr. Calder, K.C.): You might read the last clause.

By Mr. Calder, K.C.:

Q. You report the business all square, I believe, to summarize it, with the exception of a reservation which you make on the fourth page in the last clause. (Reading):—

> "So far, therefore, as our investigation of the books of this company is concerned, we have found nothing that would indicate any evasion of Customs duty on the part of Blumer Brothers. We will report on matters affecting the Customs broker at a later date."

A. Right.

Q. That is the Customs broker through which Blumer Brothers were doing their business?—A. Yes.

Q. Will you produce and file a copy of this eleventh interim report, as Exhibit 224?—A. Yes.

Mr. DONAGHY: Is it necessary to print that? Why go to that expense? They have been given a clean bill of health.

Mr. CALDER, K.C.: I don't think it is necessary to print it. That policy will also be followed in every case where nothing is reported against a company.

The WITNESS: Out of this investigation arose another investigation which is important.

By Mr. Calder, K.C.:

Q. That is the investigation of the broker?—A. Yes.

Q. You are conducting that now?—A. Yes.

Hon. Mr. STEVENS: I thought we would leave that until you make your supplementary report.

Mr. WEINFIELD, K.C.: Having made that statement, it is only fair that Mr. Nash be permitted to state that, so far as Blumer Brothers are concerned—

Hon. Mr. STEVENS: He has done that.

The CHAIRMAN: The report indicates there is no evasion of Customs duty on the part of Blumer Brothers.

Mr. WEINFIELD, K.C.: And more than that—

The CHAIRMAN: We are only investigating the Customs duty.

Hon. Mr. STEVENS (Reading): "So far, therefore, as our investigation of the books of this company is concerned, we have found nothing that would indicate any evasion of Customs duty on the part of Blumer Brothers." I would suggest that you leave it at that, because you cannot get anything more definite.

Mr. WEINFIELD, K.C.: Except, Mr. Chairman and gentlemen of the committee, that I would ask that inasmuch as a good deal of publicity—not through this committee—has been given to my clients, the same publicity be given regarding their vindication.

The CHAIRMAN: The newspapermen are your judges and our judges. Turn to them when you make that request. They are the jury.

Mr. WEINFIELD, K.C.: I would like them to give as much publicity to the vindication as to the charges.

Witness retired.

M. F. WILSON recalled.

By Mr. Calder, K.C.:

Q. You have already been sworn?—A. Yes.

Q. As your department has been to a certain extent under fire in this investigation, have you prepared certain suggestions to the committee in connection with it?—A. Yes, I have prepared some suggestions, sir.

Q. Have you prepared those in the shape of a written report?—A. Just a memorandum.

Q. Will you communicate that memorandum to the committee, please?—A. Before doing that may I read the following into the record to show that the Preventive Service with a limited staff has accomplished something?

> In the eighteen years I have been Chief of the Preventive Service, in addition to anything that may have been prevented, Preventive Service gross collections in Customs seizures amount to $2,979,894.75. During the same period the Special Branch in Toronto collected $268,644.12 and the hundreds of ports and outports, etc., in Canada collected $2,878,092.41. A total of $6,126,631.28 for the Dominion. The Preventive Service collected 48 per cent of the total collections.
>
> During the four fiscal years ended thirty-first of March, 1926, which is the period the Preventive Service has been engaged in Excise as well as Customs seizures, the average collections by the Preventive Service on account of seizures amount to $34,963.65 monthly, $419,563.88 annually—a total of $1,678,255.52. The total collections of the Preventive Service and all the Ports, etc., in Customs and Excise seizures in the last four fiscal years amount to $3,032,077.12 and of this total the Preventive Service collected 55 per cent.
>
> Under the amendments to the Customs Act, assented by Parliament on the 27th June, 1925, the Preventive Service to the 7th June, 1926, instituted seventy-two prosecutions. Forty-six of these were prior to the 9th February when your Committee commenced to function. Since 27th June, 1925, the Preventive Service has instituted seventy-eight other Customs prosecutions in seizures where the value was under two hundred dollars.
>
> I have the honour to be, sir,
>
> Your obedient servant,
>
> (Signed) W. F. WILSON,
>
> *Chief, Customs-Excise Preventive Service.*

What I am about to read are suggestions with regard to smuggling and I should like to say these suggestions were made on the 5th March, and I have held them since.

With regard to Rock Island and Beebe Junction, my suggestion is that three officers of the Preventive Service be placed in each manufactory to exercise constant surveillance—night and day—three shifts of eight hours each in each factory and that the proprietors of the factories be obliged to monthly reimburse the Department of Customs and Excise an amount equal to the salaries received by the officers stationed in each factory.

Commercial smuggling can be practically eliminated provided:—

1. Department of Customs and Excise exacts the maximum penalties under the law.
2. Section 219 of the Customs Act is amended eliminating the word "knowingly."
3. The Customs Act is amended by a section under which Customs-Excise Officers are authorized to make arrests for indictable offences under said Act.
4. A provision is incorporated in the Civil Service Act that will enable the Department of Customs and Excise to move Port Officers from one frontier port to another frontier port when for the protection of the revenue it should be done.
5. Certain Officers who have been appointed under the Special Preventive Service Vote of $350,000 are dismissed upon advice of the Chief of the Preventive Service.
6. Officers of the Preventive Service are not appointed politically, but upon unmolested selection and location by the Chief of the Preventive Service with salaries suggested by him—such Officers to be subject to dismissal upon mere recommendation of the Chief of the Preventive Service.
7. Officers of the Preventive Service are provided with suitable automobiles and motorcycle equipment where necessary to cope with conditions.
8. Steel gates are erected by the Department of Customs and Excise, with guard-houses attached, immediately adjacent to the International Boundary between Canada and the United States on all roads crossing the frontier—that such gates be locked from sunset each day until eight o'clock the following morning—that a Preventive Service guard, unmarried, be appointed to lock each gate at night and to attend it until he unlocks it the following morning at eight o'clock. Such guards should be moved from one gate to another as the Chief of the Preventive Service orders.
9. A Secret Service Vote of $100,000 is placed at the disposal of the Chief of the Preventive Service—subject to such audit and inspection as obtains in the present Preventive Service Secret Service Vote of ten thousand dollars.
10. The three-mile limit is defined in the waters of Eastern and Western Canada.
11. The law is amended to meet liquor smuggling conditions.
12. The Chief of the Preventive Service and his Officers and Collectors of Customs and Excise are authorized to select and retain legal agents to prosecute.
13. The law is amended to eliminate a jury in the trial of an indictable offence under the Customs Act.

14. Federal Judges are appointed to try all prosecutions under the Customs Act.

I have prepared, sir, certain suggested amendments to the Customs Act, and if it be desirable I shall read them.

Suggested Amendments to Customs Act.

1. The Customs Act should be amended to provide for Federal Judges to try all prosecutions under it.

2. The law should be amended to eliminate a jury in the trial of an indictable offence under the Customs Act.

By Hon. Mr. Bennett:

Q. All Judges trying cases now are appointed federally. You mean a special Judge appointed for the trial of these matters and these only?—A. Yes, sir.

Q. That is another thing, you should say a special Judge should be appointed.—A. I stand corrected, sir. I am stating this to show the conditions under which we have to work and ending it by suggested changes.

Q. Have you ever asked the officers of the law whether you had jurisdiction beyond three leagues for ships under Canadian register?—A. I understand the law you have complete control of ships under Canada register within three leagues.—A. I do not think the question has been raised here. There has been a suit in the United States, where a vessel committed an offence within the limit; the United States Government took it upon itself to go out on to the High seas and took the vessel back into port.

Mr. BELL: That would not be binding upon us.

By Hon. Mr. Stevens:

Q. That was an American vessel?—A. I do not know whether it is an American vessel.

Hon. Mr. STEVENS: That has not been done so far as this government has been concerned.

By Mr. Bell:

Q. That decision has no effect here.—A. We have waited until they came back within the three-mile limit and then seized them.

The WITNESS (continues readings):—

3. Customs-Excise Officers should be empowered to make arrests for indictable offences under the Customs Act.

4. The word "knowingly" should be eliminated from Section 219 of the Customs Act.

The principal method now followed in liquor smuggling is for vessels to keep outside of three leagues from the coast, where bulk is broken and the liquor is transferred to motor boats and other craft on the high sea. International law, which is only custom or practice, does not of course prevent this, but in my opinion such transfers could to a considerable extent be defeated by a new section in the Customs Act that will be suggested. There is nothing in the law to prevent such liquor laden vessels entering Canadian Ports. They do enter our Ports under alleged excuses and I shall cite three examples to illustrate:—

(*a*) For twelve days the Preventive Service had a cruiser alongside the schooner *Una* about ten miles off shore between Point Aconi and Cape Smokey. We starved her and she legally entered the Port of North Sydney for provisions, then went outside again.

(*b*) The Schooner *Aracania* put into Beaver Harbour, N.S., for shelter. She had a clearance from St. Pierre-Miquelon for Nassau and a cargo of nine hundred casses of whiskey. We could take no action because she did not break bulk within three leagues of the coast of Canada.

(*c*) The motor boat *Alase*, 29 tons, registered in Halifax, cleared from St. Pierre-Miquelon for Nassau with a full cargo of liquor. She went into North Sydney for repairs. We could not seize her. It was said this boat landed her previous cargo somewhere around Cape Breton.

Liquor laden vessels that may enter port under conditions set forth in the three preceding paragraphs have an unfair advantage over us. They may enter port under the slightest pretext—such as shelter, engine trouble or repairs to a jib—and we believe that frequently while in port arrangements are made for transfer of cargo outside the three mile limit. I believe the humane aspect of a liquor laden vessel entering port for shelter or repairs will practically disappear if the suggestion I shall make is adopted.

Vessels have cleared from St. Pierre for say Nassau and from British Guiana for Antwerp with liquor cargo, and have come directly to waters immediately beyond three leagues off the coast of Canada, discharged cargo, then entered a Canadian Port in ballast. In my opinion, when it is officially known that such vessels left a foreign Port with liquor cargo and there is no official proof that the cargo was landed at another foreign Port, such vessels should be seized and forfeited upon entry at a Canadian Port.

Drastic action only will subdue this business. It may in part be contrary to International law, but if the following, in addition to the suggestion immediately foregoing, were also put into legal form and inserted in the Customs Act it would help materially:—

By Mr. Bell:

Q. What is the last thing, I did not hear what you said last?—A.

"Drastic action only will subdue this business. It may in part be contrary to International law, but if the following, in addition to the suggestion immediately foregoing, were also put into legal form and inserted in the Customs Act it would help materially:—

Q. Your suggestion is, or your recommendation is, whether it is legal or not, it ought to be done?—A. I think that if the suggestions I will presume to make were acted upon, it would largely improve the liquor smuggling conditions in the Maritime Provinces.

Q. Regardless of whether or not it is sound law?—A. Well, I am only a layman and these suggestions that I am making here are only in a layman's sense, and I presume it will be received in that way by the Committee.

Q. The only thing I want to get at is your attitude.—A. I am only trying to help the Committee, and looking towards the protection of the revenue.

Q. The only thing is, the law is supposed to be based on common sense.—A. The trouble is, the laws of Canada to-day do not meet the liquor smuggling conditions, and I am trying, if it is possible, to offer suggestions towards getting the law amended to meet liquor smuggling conditions.

Q. Regardless of whether it clashes with legal principles or not?

Hon. Mr. STEVENS: I think if you struck your pen through the phrase and went on with your suggestions—

The CHAIRMAN: No, they are well framed and deserve to be studied. Go ahead, and state your suggestions as you like and we will make the best of them.

By Mr. St. Pere:

Q. You are trying to prevent?—A. That is my whole object. These suggestions are only in a layman's language. That is the section which, in layman's language, I suggest:—

5. (1) Any vessel, with tackle, rigging, apparel, stores, furniture and other appurtenances thereof, laden with cargo of spirituous liquors, cleared from a port foreign to Canada for another port foreign to Canada, or cleared from a port foreign to Canada for the high sea, that arrives at a port or place in Canada, from any cause whatsoever, shall be seized and forfeited.

(2) The cargo of any such vessel, arriving at a port or place in Canada, shall be seized and forfeited.

(3) The Master and every other person who is proved to have been on board any such vessel within the three-mile limit of Canada, except Customs and Excise Officers or Quarantine Officers in the performance of their official work, and any other person in any way concerned in such vessel or cargo, shall be guilty of an indictable offence and liable in addition to any other penalty to which he is subject for any such offence to imprisonment for a term not exceeding seven years and not less than one year for a first offence, and to imprisonment for a term not exceeding ten years and not less than three years for a second and each subsequent offence.

(4) Provided always that any vessel transporting liquor cargo to be landed in Canada and duty paid at Customs or entered for Excise purposes in Canada, or any vessel transporting liquor cargo in transit for exportation through Canada on through bill of lading to a foreign country, and all persons concerned therein, shall be exempt from this section.

By Hon. Mr. Bennett:

Q. You surely would provide an exception for ships driven into port by stress of weather; you are bound to do that by the Comity of Nations?—A. I think, if I might say, sir, in my opinion, that condition, so far as liquor-laden vessels are concerned, would not arise if something like this were done.

Q. I am sure you will hardly go that far.—A. Because I think they would go out of business.

By Mr. Bell:

Q. Would not your idea of protection extend to all? There is no idea of referring to liquor-laden vessels only?—A. That is the sole trouble in the Maritime Provinces.

Q. You naturally would not want to make any extension in their favour?—A. It is the only trouble we have to meet. I am trying to meet the trouble that exists.

Q. Quite so; I just want to get your idea.—A. The next suggestion is:—

6. The Customs Act should contain a section providing a penalty for a fraudulent drawback claim.

SUGGESTED AMENDMENT TO EXCISE ACT

Amend Section 185 to read as follows:—

Every person who sells or offers for sale, or who purchases any spirits, or has any spirits in his possession, that have been unlawfully manufactured, or imported, shall for a first offence incur a penalty not exceeding five hundred dollars, and not less than two hundred dollars, and for each subsequent offence a penalty of five hundred dollars; and all spirits so unlawfully manufactured or imported wheresoever they are found, and all horses, vehicles, vessels, and other appliances which have been or are being used for the purpose of removing the same, shall be forfeited to the Crown, and shall be dealt with accordingly.

The import of this suggested amendment is exclusion of the word "knowing" and inclusion of the word "vessels".
Because it has been held that the words "all vehicles" do not include "vessels".

By Mr. Doucet:

Q. Who has held that?—A. That has been held in the department that a vessel is not a vehicle, under that section.

Hon. Mr. BENNETT: It is a judicial decision.

By Mr. Bell:

Q. That is your conclusion, your recommendation?—A. Yes.

Q. May I ask you this—it has come up at the earlier sittings—I think you have had this to deal with, also Mr. Blair of your department, that in a number of cases certain difficulties arose, certain suspicions were created, which were met by the filing of an affidavit. You know what I refer to?—A. I think so.

Q. Affidavits having been filed, the matter was treated as being disposed of. Have you any recommendation to make in regard to testing the truth of those affidavits? If I have correctly followed the files, it seems to me that time and time again, a situation was created that called for pretty drastic action on the part of the department, but nothing could be done because an affidavit had been filed, and that was supposed to be the end of it.

Mr. DOUCET: An affidavit made by the smuggler himself.

By Mr. Bell:

Q. Yes, and no method of testing the truth of the affidavit, or running down the facts, in any way. You know what I mean?—A. Yes, I know what you mean.

Q. I think it would be a wise thing for the Department to advise the Preventive Service, or the port where the seizure takes place, to test the accuracy of those affidavits. The question was asked again and again as to what was done when the affidavit was filed, that is, whether the affidavit was accepted as being a complete answer to the situation, or whether there was any machinery for testing the affidavit. I think we were always told, in reply to the question, that the affidavit had to be taken, and let it go at that?—A. The machinery was there.

Q. What was the machinery?—A. There have been instances where seizures were made by the Preventive Service, and the reports came in in regard to these cases. There have been numerous cases in which those reports were referred to the Preventive Service for further investigation.

Q. Well, the ordinary way in which one would look at that would be to cross-examine the person who made the affidavit; to test the affidavit by cross-examining as to the truth or falsity of the statement deposed to. We have been told by everybody that there is no machinery for that, but that the affidavits had to be accepted. Can you suggest to us as to the creating of proper machinery for dealing with that situation?—A. I think the Preventive Service, or the Collectors at the Ports, are equipped to make such further investigation.

Q. But they have never done it?—A. The Preventive Service has done it in some instances. There have been some cases where the matter was referred to the Preventive Service, by affidavit, and other reports, on the part of the accused, and a further investigation took place.

Q. You see what I mean. As far as I have been able to discover, I have not seen any case where cross-examination has been made on the affidavit, in order to ascertain whether or not the deponent could stand the test of cross-examination. You cannot recall any instance in which that occurred?—A. Except there have been instances where the Preventive Service has made further investigation of those reports.

Q. That would be from outside sources? What I am trying to get at is the testing of a man's own statement embodied in an affidavit.

Hon. Mr. BENNETT: There is no provision for examining under an affidavit.

Mr. BELL: That is what I object to.

Mr. DOUCET: I recollect one case in which prosecution was undertaken, where the defence filed an affidavit. This occurred at North Sydney. The officer at North Sydney had reported against the accuracy of the affidavit. The Preventive Service in Ottawa advised that the man who had sworn to the statement should be prosecuted. The examination took place. That is the only case I have come across. There is the proper machinery to test the affidavit, as was done in that case.

Mr. BELL: Yes, if there was a cross-examination of what the deponent had sworn to, it would be all right.

Mr. DOUCET: The machinery is there, but not applied.

The WITNESS: If a man makes an affidavit, and we go to question it, we can only ask the man questions; it is for him to answer as he sees fit. Beyond that we cannot go, unless we take the man into court.

By Mr. Bell:

Q. My colleague, Mr. Doucet, refers to an occasion when that was done. If that was done in the case Mr. Doucet speaks of, it is the only one I ever heard of.—A. There are other cases I can look up. It has not been done in many instances, I will admit.

Q. Is not it correct to say it has not been done in the vast majority of cases?—A. I would have to check that up.

The CHAIRMAN: I understand,—I am quite sure about it,—and I am just taking the evidence for it, that cars seized in Montreal have been the subject of form K-9 being made by the seizing officer; that form K-9 was sent to the Department, then notice of seizure of the car was sent to the owner?

The WITNESS: Yes.

By the Chairman:

Q. And he has thirty days in which to file a defence?—A. Yes.

Q. He will file a defence, which will be one or two affidavits, declared by him, stating he had the car. We will say he has pleaded his case rightly; that is, I understand by the evidence which has been given, that is the substance of the affidavit. This is sent to the Preventive Service, in Montreal, supposing the seizure occurred in Montreal, and they verify it to see if the main statements made in the affidavit are correct or not. The seizing officer has then an opportunity to make a report with regard to this affidavit, and judgment is passed on it by the Department. Is that the case?—A. That is done, sir. I would not say it is universally done, but it fits in with what I have just said to Mr. Bell.

By Mr. Bell:

Q. What struck me forcibly was, it did not matter if there had been two affidavits, if the deponent was not cross-examined in order to test the truth of the affidavits. The affidavit may be of no particular value, having regard to the evidence adduced.

Mr. DOUCET: We have one case here, the "W. C. Kennedy". The Master of that boat made a certain declaration to Captain LaCouvee of the steamship *Margaret*, before he had any communication with parties on land. After he got in communication with his counsel, and the owners of the super-cargo, he changed his whole affidavit, and made a new one. The Department, after

examining him on the other affidavit, took the substance of the last one and ignored the affidavit made before, and they based their decision on that second affidavit.

By Mr. Bell:

Q. That is exactly the point I had in mind.—A. That would appear to be an exception. Generally speaking, I may safely say that when the Department is not satified with affidavits or representations that come in from accused persons, the Preventive Service is usually called upon to make further investigation.

The CHAIRMAN: I was fortunate enough to turn to the right page, referring to, *W. C. Kennedy,* at page 1231, at which I said:—

The CHAIRMAN: That is not proven (that the *W. C. Kennedy* had broken bulk).

Mr. DOUCET: Captain LaCouvee has broken bond four miles from the shore, before going in the Strait, he had broken bulk, in the voyage from Halifax to Nassau, outside of four miles, and within three miles. That is, he broke bulk, according to law. That was his declaration, in the first affidavit;; in the second affidavit, his declaration was quite different, and the Department based their decision upon the second affidavit.

The CHAIRMAN: Will you allow me to quote from page 1231:—

Mr. DONAGHY: She got a clearance from Halifax.

You had better look that up.

Mr. DOUCET: And they show that clearance, the same cargo, on the same bottom.

Mr. BELL: We are concerned with whether or not the man accused of a breach of the law can absolutely reinstate himself by making a false affidavit. If we are going to let those things go, we can make no headway, with getting at the truth, in any investigation.

The WITNESS: That is right; you are quite right. That is quite right and proper.

By the Chairman:

Q. You are supposed to make a replication to that defence, and the Deputy Minister can consider the whole case, and refer it to the Minister of Customs to act on the recommendation brought by you to himself?—A. That is right.

Q. You are supposed to see that the defence is supported by affidavit, and that your answers should be made by putting in the record, and, the Deputy Minister and the Minister will have a complete statement of the case?—A. Yes.

Q. You have the replication of the seizing officer?—A. Right.

Q. Just like a court of justice?—A. Yes. That is what is done in these cases that are referred back to us.

By Mr. Doucet:

Q. But in the event of the affidavit in response to the notification sent not being filed with the Customs and Excise Department and not being referred to the Preventive Service for cross-examining upon it, and the Department basing their decision upon the affidavit itself, then the Preventive Service cannot testify to the validity of the affidavit?—A. No, sir.

Q. But that has been done, Mr. Wilson?—A. You have evidence of that.

Mr. BELL: We had in other words, examples of affidavits which have proven to be false affidavits being brought in.

The CHAIRMAN: They may have been.

By Mr. Doucet:

Q. Did he claim that the affidavits were not referred to the Preventive Service?—A. You have referred to an instance where the affidavits were not referred to the Preventive Service.

By Mr. St. Pere:

Q. Was that the practice or the custom of the Preventive Service for years, to follow that course?—A. It has been the custom. The Preventive Service cannot step in and say what they shall or shall not do. These things should be thoroughly investigated, so that the truth only shall be known.

Mr. BELL: I would not care if the custom was as old as Noah, it would not be right.

Mr. DOUCET: A man is caught smuggling; his vessel and his cargo are seized and subject to forfeiture; he comes in through his counsel and makes an affidavit contrary to the facts, stating that he was not engaged in smuggling, that he intended to go to Nassau, the West Indies or somewhere else, but is found in the Baie des Chaleurs. That affidavit is taken by the Department, when making a decision thereon, without referring the case to the Preventive Service, and without investigation.

The CHAIRMAN: It may be that sometimes only a single affidavit is filed, and sometimes the Department may not be in a position to contradict the affidavit; that may happen also.

The WITNESS: And it may happen that the whole affidavit is false.

The CHAIRMAN: Suppose they seize in good faith, they only ask at once to see the books, and if anyone makes an application, he will get an explanation, if it is correct. If it is a false affidavit, it will be contradicted by an official of the Department.

Mr. DOUCET: But you have to ask for the affidavit to be verified?

The CHAIRMAN: Yes. And if they cannot contradict the allegations in the affidavit, it is accepted.

Mr. DOUCET: If they try to contradict it, they will not do it.

Mr. BELL: I would not care a particle what contradiction there was, if the man whose affidavit was suspected was put under examination.

The WITNESS: That should be done.

Mr. BELL: As to the facts to which he deposes?

The WITNESS: Yes, certainly.

By Hon. Mr. Stevens:

Q. Have you these telegrams at hand, Mr. Wilson?—A. They will be here in a few minutes. They are perfectly safe, but I left them to get out the files to which they refer.

By Mr. St. Pere:

Q. Your Department collected over $7,000,000, about that anyway; can you tell us the average cost of maintenance in your department for those eighteen years?—A. I am sorry I have not got those figures here, sir.

Mr. DOUCET: Mr. Chairman, for the purpose of showing the magnitude of the business done through the bonded warehouses at Halifax and St. John to foreign ports, I asked Mr. Wilson to have prepared by the Collectors of Customs in St. John and Halifax, a list of cargo vessels and destinations since 1923. I would like to ask Mr. Wilson to file that and have it incorporated into the report.

Mr. CALDER, K.C.: That will be Exhibit No. 225.

(Documents filed as Exhibit No. 225.)

EXHIBIT No. 225

RETURN SHOWING PARTICULARS OF LIQUOR LADEN VESSELS CLEARED FROM THE PORT OF SAINT JOHN, N.B. FROM APRIL 1, 1923 TO MARCH 31, 1926

Date of Clearance	Name of Vessel	Destination Cleared for	Whiskey	Alcohol	Other	Classification
May 15, 1923	Schr. Arcola	Hamilton, Ber	4,570 gals.		313 gals.	Ex-Warehouse
" 15, 1923	Schr. W. G. Robertson	"	9,328 "		623 "	"
" 16, 1923	Schr. Marina	"	3,092 "		470 "	"
June 22, 1923	S/S. Curlew	St. Pierre	3,370 "			"
July 9, 1923	S/S. Curlew	"	3,404 "			"
Aug. 7, 1923	Schr. Marina	Hamilton, Ber	3,787 "		481 gals.	"
" 8, 1923	S/S. Herbert Green	St. Pierre	3,383 "			"
" 20, 1923	Schr. Integral	Hamilton, Ber	7,251 "		1,700 gals.	"
" 31, 1923	Schr. Alcala	"	12,899 "		510 "	"
Oct. 9, 1923	S/S. Lutzen	"	7,420 "			"
Nov. 1, 1923	Schr. Mary G. Duff	"	6,084 "		400 gals.	"
Feb. 24, 1924	Schr. Mary G. Duff	"	7,000 cases			Intransitu
Mar. 27, 1924	Schr. Harold Conrad	"	4,500 "		1,000 cases	"
June 24, 1924	Schr. Harold Conrad	"	5,500 "		500 "	"
Aug. 1, 1924	Schr. McLean Clan	"	5,000 "		1,300 "	"
" 2, 1924	Schr. Enid E. Legge	"	5,302 "		700 "	"
" 2, 1924	Schr. Enid E. Legge	"	3,520 gals.			Ex-Warehouse
" 20, 1924	Schr. Harold Conrad	"	5,999 cases		700 cases	Intransitu
" 27, 1924	Schr. Over the Top	"	12,889 gals.		1,698 gals.	Ex-Warehouse
Oct. 1, 1924	Schr. Hiram D. McLean	"	9,105 cases			Intransitu
" 1, 1924	Schr. Hiram D. McLean	"	8,571 gals.			Ex-Warehouse
" 4, 1924	Schr. General Ironsides	"	6,999 cases			Intransitu
Nov. 6, 1924	Schr. E. C. Adams	Bridgetown, Barb	7,500 "			Intransitu
" 6, 1924	Schr. E. C. Adams	"	3,162 gals.			Ex-Warehoused
" 13, 1924	Schr. Frances E. Moulton	Hamilton, Ber	9,702 cases		600 cases	Intransitu
Dec. 17, 1924	Schr. Ethlyn	Bridgetown, Barb	7,500 "		501 "	"
" 20, 1924	Schr. Chatauqua	"	9,035 "		375 "	"
Feb. 24, 1925	Schr. I'm Alone	Havana, Cuba		5,200 cases		"
Jan. 14, 1925	G/S. W. H. Eastwood	"	1,031 cases	6,000 "	102 cases	"
Mar. 6, 1925	S/S. R. W. Hendry	Guanaga, via Havana		6,499 "		"
" 28, 1925	M/S. Beatrice	Havana, Cuba		6,025 "		"
May 21, 1925	G/S. I'm Alone	"		26,000 gals.		"
Dec. 18, 1925	Schr. Patrick & Michael	"	1,980 gals.	8,800 "		"

RETURN SHOWING PARTICULARS OF POTATO LADEN VESSELS AND OTHERS CARRYING PART CARGO OF LIQUOR TO CUBA AND THE BRITISH WEST INDIES CLEARED FROM THE PORT OF SAINT JOHN, N.B. FROM APRIL 1, 1923 TO MARCH 31, 1926

Date of Clearance	Name of Vessel	Destination Cleared for	Whiskey	Alcohol	Other	Classification
April 20, 1923	S/S. Lake Ellsbury	Havana, Cuba	1,360·63 gals.		175·55 gals.	Ex-Warehouse
June 19, 1923	S/S. Krosfond	"	1,890·94 "			"
Nov. 17, 1923	S/S. Winneconne	"	1,680·81 "			"
Dec. 12, 1923	S/S. Berwyn	Bermuda	5,924·16 "			"
" 30, 1923	S/S. Borden	"	1,481 gals.			"
Jan. 18, 1924	S/S. Sydfold	Havana	1,837 "			"
Feb. 6, 1924	S/S. Borden	Bermuda	2,969 "			"
" 22, 1924	S/S. Berwyn	"	2,962 "			"
Mar. 15, 1924	S/S. Borden	"	988 "			"
May 6, 1924	S/S. Ada Gorthan	Havana	1,905 "		125 gals.	"
June 17, 1924	S/S. Eidfos	"	2,079 "			"
Sept. 15, 1924	S/S. Certo	"	661 "			"
Oct. 30, 1924	S/S. Sagaland	"	360 "			"
Nov. 21, 1924	S/S. Gefion	"	2,927 "			"
Dec. 5, 1924	S/S. Munwood	"	1,961 "			"
" 12, 1924	S/S. Haraldshaug	"	2,472 "			"
" 24, 1924	S/S. Eidsboig	"	11,928 "			"
" 31, 1924	S/S. Lorentz W. Hansen	"	2,684 "			"
Feb. 24, 1925	S/S. Ada Gorthon	"	2,233 "			"
Mar. 30, 1925	S/S. Jan	"	806 "			"
Jan. 20, 1926	S/S. Emperor of Montreal	"	3,200 cases			"
Feb. 2, 1926	S/S. Emperor of Fredericton	"	4,768 gals.			"
" 16, 1926	S/S. Emperor of Havana	"	4,990 "			"
Mar. 26, 1926	S/S. Emperor of Fredericton	"	2,125 "			"

VESSELS CLEARED WITH LIQUOR CARGOES FROM THE PORT OF HALIFAX, N.S., DURING THE CALENDAR YEAR 1925

Date	Name	Cargo	Destination	Originated
1925				
Jan. 9	Maria A. Howes	2,220 c/s Liquors	Nassau	Ex. same bottom.
Jan. 9	Homestead	6,725 c/s Liquors	Nassau	Ex. same bottom.
Jan. 12	Ocean Maid	3,757 c/s Liquors	Nassau	Ex. same bottom.
Jan. 12	Cote Nord	500 c/s Liquors	Havana	Thru Bill of Lading.
		234 Kegs Liquors	Havana	Thru Bill of Lading.
Jan. 16	Ave Chzppelle	41,724 c/s Liquors	Nassau	Ex. same bottom.
Jan. 17	Francisca	15,000 c/s Liquors	St. Johns, Nfld	Ex. same bottom.
Jan. 19	M. M. Gardner	3,598 c/s Liquors	Nassau	Ex. same bottom.
Jan. 19	Frances E. Moulton	5,100 c/s Liquors	Havana	Ex. same bottom.
Jan. 19	Catherine M. Moulton	3,039 c/s Liquors	Guanaza, Honduras	Ex. same bottom.
Jan. 21	Aranda	40,000 c/s Liquors	Nassau	Ex. same bottom.
Jan. 24	Hohenlinden	3,700 c/s Liquors	Nicaragua, S.A.	Ex. same bottom.
Jan. 26	MacLean Clan	1,800 c/s Liquors	Guanaza, Honduras	Ex. same bottom.
Jan. 26	Catherine M. Moulton	3,039 c/s Liquors	Guanaza, Honduras	Ex. same bottom.
Jan. 27	Marie Celese	2,696 c/s Liquors	Havana	Ex. same bottom.
Jan. 30	Ena A. Moulton	500 c/s Liquors	Havana	Thru Bill of Lading.
Jan. 31	Falkenhorst	16,000 c/s Liquors	Nassau	Ex. same bottom.
Feb. 3	Gemma	654 Kegs Liquors	Georgetown, B.W.I.	Ex. Warehouse 1880½.
Feb. 3	Gemma	498 c/s Beer	Georgetown, B.W.I.	Thru Bill of Lading.
Feb. 3	Gemma	1,001 c/s Beer	Georgetown, B.W.I.	Thru Bill of Lading.
Feb. 4	Morso	285 c/s Liquors	Honduras	Ex.same bottom.
Feb. 5	Lila E. D. Young	544 Kegs	Havana	Thru Bill of Lading.
Feb. 6	MacLean Clan	7,168 c/s Liquors	Guanaija	Trans. General Paw.
Feb. 6	MacLean Clan	100 Kegs Liquors	Guanaija	Trans. General Paw.
Feb. 6	MacLean Clan	100 Kegs Liquors	Guanaija	Thru Bill of Lading.
Feb. 6	Maria A. Howes	8,495 c/s Liquors	Nassau	Ex. same bottom.
Feb. 7	Morso	755 c/s Liquors	Guanaija	Thru Bill of Lading.
Feb. 7	Morso	350 Kegs Liquors	Guanaija	Thru Bill of Lading.
Feb. 11	Faustina	4,760 c/s Liquors	Havana	Ex. same bottom.
Feb. 14	Paloma	20 c/s Liquors	St. Pierre Miq	Ex. same bottom.
Feb. 17	Abundance	5,018 c/s Liquors	Guanaija	Thru Bill of Lading.
Feb. 17	Abundance	300 Kegs Liquors	Guanaija	Thru Bill of Lading.
Feb. 17	Abundance	100 c/s Liquors	Guanaija	Ex. Warehouse 19620.
Feb. 21	Catherine Mary	1,000 c/s Liquors	Nassau	Ex. same bottom.
Feb. 21	Ena A. Moulton	500 c/s Liquors	Havana	Ex. same bottom.
Feb. 24	Wm. C. Smith	2,500 Kegs Liquors	St. Pierre ,Miq	Ex. same bottom.
Feb. 26	D. D. McKenzie	628 Kegs Liquors	Guanaija	Thru Bill of Lading.
Feb. 26	D. D. McKenzie	2,150 c/s Liquors	Guanaija	Thru Bill of Lading.
Feb. 26	D. D. McKenzie	561 c/s Liquors	Guanaija	Ex. Warehouse 20155. 20156, 20157.
Feb. 26	Claude Gallas	45,986 c/s Liquors	St. Pierre, Miq	Ex. same bottom.
Feb. 27	Wm. C. Smith	2,500 Kegs Liquors	St. Pierre, Miq	Ex. same bottom.
Mar. 2	R. W. Hendry	162 Kegs Liquors	Guanagua	Thru Bill of Lading.
Mar. 5	General Iron Sides	5,582 c/s Liquors	Havana	Thru Bill of Lading.
Mar. 5	General Iron Sides	50 Kegs Liquors	Havana	Thru Bill of Lading.
Mar. 7	Pellegrini	8,579 c/s Liquors	Nassau	Ex. same bottom.
Mar. 8	Clemencia	3,000 c/s Liquors	Guanaiga	Thru Bill of Lading.
Mar. 8	Clemencia	1,118 c/s Liquors	Guanaiga	Thru Bill of Lading.
Mar. 8	Clemencia	150 Kegs Liquors	Guanaiga	Thru Bill of Lading.
Mar. 14	Francis E. Moulton	200 Kegs Liquors	Lima, Peru	Thru Bill of Lading.
Mar. 16	Jean Wakeley	8935 c/s Liquors	Guanaija	Thru Bill of Lading.
Mar. 14	Francis E. Moulton	900 c/s Liquors	Lima, Peru	Thru Bill of Lading.
Mar. 16	Jean Wakeley	350 c/s Liquors	Guanaija	Thru Bill of Lading.
Mar. 16	Eugne Owen McKay	20,010 Cases Liquors	Lima, Peru	Thru Bill of Lading.
Mar. 16	Eugene Owen McKay	400 Kegs Liquors	Lima, Peru	Thru Bill of Lading.
Mar. 19	Clemencia	4,268 C/S Liquors	Guanaija	Ex same bottom.
Mar. 21	Edith M. Cavell	4,500 Cases Liquors	Lima, Peru	Thru Bill of Lading.
Mar. 21	Edith M. Cavell	433 Kegs Liquors	Lima, Peru	Thru Bill of Lading.
Mar. 23	Harold Conrod	5,298 Cases Liquors	Guanaija	Thru Bill of Lading.
Mar. 24	Ocean Maid	1,050 Cases Liquors	Nassau	Ex same bottom.
Mar. 28	Vincent A. White	9,949 Cases Liquors	Havana	Ex same bottom.
April 3	Catherine Moulton	5,375 Cases Liquors	Havana	Transf. Sch. Lila E. D. Young.
April 3	City of Cork	19,990 Cases Liquors	St. Pierre, Miq	Ex same bottom.
April 6	Faustina	1,300 Cases Liquors	Havana	Ex same bottom.
April 6	Walter Holken	15,200 Cases Liquors	Nassau	Ex same bottom.
April 9	Ena A. Moulton	6,650 Cases Liquors	Havana	Ex same bottom.
April 9	Evelyn O. Miller	27 Kegs Liquors	Nassau	Ex same bottom.

VESSELS CLEARED WITH LIQUOR CARGOES FROM THE PORT OF HALIFAX, N.S., DURING THE CALENDAR YEAR, 1925—*Continued*

Date	Name	Cargo	Destination	Originated
1925				
April 9....	Evelyn O. Miller....	375 Kegs Liquors	Nassau.....	Ex same bottom.
April 9....	Ave Chappelle.....	12,800 Cases Liquors	Nassau.....	Ex same bottom.
April 10....	Falkenhorst.....	9,800 Cases Liquors	Nassau.....	Ex same bottom.
April 14....	General Iron Sides.	50 Kegs Liquors	Havana.....	Ex same bottom.
April 14....	General Iron Sides.	4,393 Cases Liquors	Havana.....	Ex same bottom.
April 18....	Mousmee.....	3,000 Cases Liquors	Nassau.....	Ex same bottom.
April 22....	Ena A. Moulton.....	6,650 Cases Liquors	Havana.....	Ex same bottom.
April 23....	Lila E. D. Young..	3,097 Cases Liquors	Havana.....	Ex same bottom.
April 28....	Gertievilla.....	6,000 Cases Liquors	St. Pierre, Miq.....	Ex same bottom.
April 28....	Hebert Green.....	7,500 Cases Liquors	Havana.....	Thru Bill of Lading.
April 28....	Hazel L. Myra.....	5,000 Cases Liquors	Guanaija.....	Thru Bill of Lading.
April 28....	Hazel L. Myra.....	296 Kegs Liquors	Guanaija.....	Thru Bill of Lading.
April 30....	Audrey P. Brown...	8,500 Cases Liquors	Havana.....	Thru Bill of Lading.
May 1....	Eugene Owen McKay.....	19,950 Cases Liquors	Lima, Peru.....	Ex same bottom.
May 1....	Eugene Owen McKay.....	400 Kegs Liquors	Lima, Peru.....	Ex same bottom.
May 4....	D. D. McKenzie...	2,413 Cases Liquors	Guanaija.....	Thru Bill of Lading.
May 6....	Petrel.....	500 Kegs Liquors	Havana.....	Thru Bill of Lading.
May 6....	Petrel.....	500 Cases Liquors	Havana.....	Thru Bill of Lading.
May 8....	Ethlyn.....	9,000 Cases Liquors	Havana.....	Thru Bill of Lading.
May 13....	Integral.....	13,717 Cases Liquors	Havana.....	Thru Bill of Lading.
May 13....	Integral.....	163 Kegs Liquors	Havana.....	Thru Bill of Lading.
	Vera E. Himmelman.....	1,950 Kegs Liquors	Fayal Azores.....	Ex same bottom.
May 13....	Tilli.....	27,186 Cases Liquors	Havana.....	Ex same bottom.
May 13....	Tilli.....	6,800 Cases Liquors	Havana.....	Transf. Marion L. Conrod.
May 14....	Madelyn Hebb.....	3,800 Cases Liquors	Havana.....	Ex same bottom.
May 15....	General Iron Sides.	4,200 Cases Liquors	Havana.....	Ex same bottom.
May 15....	General Iron Sides.	50 Kegs Liquors	Havana.....	Ex same bottom.
May 18....	Lutzen.....	2,070 Cases Liquors	Grugillo, B.H.....	Ex same bottom.
May 18....	Hohenlinden.....	2,000 Cases Liquors	Grugillo, B.H.....	Ex same bottom.
May 18....	Gemma.....	4,000 Cases Liquors	Havana.....	Thru Bill of Lading.
May 18....	Gemma.....	100 Kegs Liquors	Havana.....	Thru Bill of Lading.
May 20....	D. C. Mulhall.....	320 Kegs Liquors	Nassau.....	Ex same bottom.
May 20....	Prairail.....	15,890 Cases Liquors	Antwerp.....	Ex same bottom.
May 20....	Newton Bzy.....	8,498 Cases Liquors	St. Pierre, Miq.....	Ex same bottom.
May 21....	Enid E. Legge.....	7,500 Cases Liquors	Havana.....	Thru Bill of Lading.
May 22....	Maria A. Howes....	1,795 Cases Liquors	Nassau.....	Ex same bottom.
May 23....	Lila E. D. Young...	5,811 Cases Liquors	Havana.....	Ex same bottom.
May 23....	Gerbveivellers.....	3,854 Cases Liquors	St. Pierre, Miq.....	Ex same bottom.
May 23....	Jean Wakeley	5,150 Cases Liquors	Guaniaja.....	Ex same bottom.
May 22....	James W. Parken...	1,635 Cases Liquors	Nassau.....	Ex same bottom.
May 23....	Frances Moulton....	4,574 Cases Liquors	Havana.....	Ex same bottom.
May 23....	Frances Moulton....	200 Kegs Liquors.	Havana.....	Ex same bottom.
May 25....	Ena A. Moulton.....	6,972 Cases Liquors	Nassau.....	Ex same bottom.
May 25....	Ena A. Moulton.....	148 Kegs Liquors.	Nassau.....	Ex same bottom.
May 26....	Mousmee.....	3,000 Cases Liquors	Nassau.....	Ex same bottom.
May 26....	Ada M. Westaver...	2,368 Kegs Liquors.	St. Pierre, Miq.....	Ex same bottom.
May 26....	City of Cork.....	16,880 Cases Liquors	St. Pierre, Miq.....	Ex same bottom.
May 26....	Lutzen.....	500 Cases Liquors	Havana.....	Thru Bill of Lading.
May 26....	Morso.....	141 Kegs Liquors.	St. Pierre, Miq.....	Ex same bottom.
May 26....	Selma Creaser.....	4,000 Cases Liquors	Nassau.....	Ex same bottom.
May 27....	Marion Phyllis.....	800 K egs Liquors	Nassau.....	Ex same bottom.
May 28....	Maria A. Howes....	1,795 Cases Liquors	Nassau.....	Ex same bottom.
June 1....	Ena A. Moulton.....	148 Kegs Liquors	Havana.....	Ex same bottom.
June 1....	Ena A. Moulton.....	7,553 Cases Liquors	Havana.....	Ex same bottom.
June 1....	Jean Louise.....	5,000 Cases Liquors	St. Pierre, Miq.....	Ex same bottom.
June 4....	Edith Cavell.....	4,500 Cases Liquors	Havana.....	Ex smae bottom.
June 4....	Edith Cavell.....	433 Kegs Liquors.	Havana.....	Ex same bottom.
June 5....	Madelyn Hebb.....	3,000 Cases Liquors	Nassau.....	Ex same bottom.
June 6....	Hohenlinden.....	4,000 Cases Liquors	Guanaija.....	Ex same bottom.
June 8....	Hebert Green.....	7,625 Cases Liquors	Havana.....	Ex same bottom.
June 8....	Arucania.....	619 Cases Liquors	Nassau.....	Ex same bottom.
June 9....	Marion L. Conrod...	160 Kegs Liquors	Guanaija.....	Thru Bill of Lading.
June 10....	Audrey P. Brown...	8,500 Cases Liquors	St. Pierre, Miq.....	Ex same bottom.
June 11....	Pellegrini.....	17,765 Cases Liquors	Nassau.....	Ex same bottom.
June 12....	Russel S. Zinck.....	7,200 Cases Liquors	Nassau.....	Ex same bottom.
June 12....	Amberstone.....	31,300 Cases Liquors	Havana.....	Ex same bottom.
June 12....	Eva Jene.....	489 Cases Liquors	St. Pierre, Miq.....	Ex same bottom.
June 13....	Grace Hilda.....	571 Kegs Liquors	St. Pierre, Miq.....	Ex same bottom.
June 15....	Cheirie.....	3,280 Cases Liquors	Nassau.....	Ex same bottom.

VESSELS CLEARED WITH LIQUOR CARGOES FROM THE PORT OF HALIFAX, N.S. DURING THE CALENDAR YEAR, 1925—*Continued*

Date	Name	Cargo	Destination	Originated
1925				
June 16....	Peterel.....	105 Cases Liquors	Guanaija.....	Thru Bill of Lading.
June 16....	Peterel.....	350 Kegs Liquors	Guanaija.....	Thru Bill of Lading.
June 16....	Marion Phyllis.....	500 Kegs Liquors	Nassau.....	Ex same bottom.
June 18....	Hazel E. Heeman...	1,024 Cases Liquors	Nassau.....	Ex same bottom.
June 20....	Margarette Wilte....	12,870 Cases Liquors	Nassau.....	Ex same bottom.
June 20....	Morso.....	2,782 Cases Liquors	Guanaija.....	Thru Bill of Lading.
June 20....	Morso.....	350 Kegs Liquors	Guanaija.....	Thru Bill of Lading.
June 24....	Hohenlinden.....	4,200 Cases Liquors	Guanaija.....	Ex same bottom.
June 26....	Giant King.....	1,119 Cases Liquors	Guanaija.....	Thru Bill of Lading.
June 26....	Giant King.....	250 Kegs Liquors	Guanaija.....	Thru Bill of Lading.
June 26....	Enid E. Legg.....	7,500 Cases Liquors	Havana.....	Ex same bottom.
June 26....	Enid E. Legg.....	350 Kegs Liquors	Havana.....	Thru Bill of Lading.
June 27....	Mousmee.....	3,485 Cases Liquors	St. Pierre, Miq.....	Ex same bottom.
June 30....	Hebert Green.....	650 Kegs Liquors	St. Johns, Nfld.....	Thru Bill of Lading.
June 30....	Hebert Green.....	1,500 Cases Liquors	St. Johns, Nfld.....	Thru Bill of Lading.
June 30....	Montcleur.....	9,050 Cases Liquors	Nassau.....	Ex same bottom.
July 2....	Ellice B.....	14,000 Cases Liquors	Nassau.....	Ex same bottom.
July 3....	Kirk Sweeney.....	405 Kegs Liquors	Guanaija.....	Thru Bill of Lading.
July 6....	Jean Wakeley.....	5,150 Cases Liquors	Guanaija.....	Ex same bottom.
July 6....	Lutzen.....	2,339 Cases Liquors	Nassau.....	Ex same bottom.
July 6....	Walter Holken.....	13,900 Cases Liquors	Nassau.....	Ex same bottom.
July 7....	Clemencia.....	2,300 Cases Liquors	Nasasu.....	Ex same bottom.
July 7....	Maria A. Howes....	20,010 Cases Liquors	Lima, Peru.....	Ex same bottom.
July 7....	Maria A. Howes....	400 Kegs Liquors	Lima, Peru.....	Ex same bottom.
July 10....	General Iron Sides.	4,200 Cases Liquors	Havana.....	Ex same bottom.
	General Iron Sides.	50 Kegs Liquors	Havana.....	Ex same bottom.
	Mousmee.....	3,235 Cases Liquors	Nassau.....	Ex same bottom.
July 11....	Nellie J. King.....	632 Kegs Liquors	Fayol, Azores.....	Ex same bottom.
July 11....	Ellice B.....	11,700 Cases Liquors	Nassau.....	Ex same bottom.
July 11....	Eva June.....	3,289 Cases Liquors	Guanaija.....	Ex same bottom.
July 13....	Integral.....	13,717 Cases Liquors	St. Johns, Nfld.....	Ex same bottom.
	Integral.....	163 Kegs Liquors	St. Johns, Nfld.....	Ex same bottom.
July 13....	Petrel.....	174 Kegs Liquors	Lima, Peru.....	Thru Bill of Lading.
	Petrel.....	167 Cases Liquors	Lima, Peru.....	Thru Bill of Lading.
July 13....	Frances Moulton....	3,673 Cases Liquors	Nassau.....	Ex same bottom.
July 13....	Vedas.....	6,875 Cases Liquors	Lima, Peru.....	Thru Bill of Lading.
	Vedas.....	1,573 Cases Liquors	Lima, Peru.....	Thru Bill of Lading.
July 15....	La Pairisenne.....	9,400 Cases Liquors	Honduras.....	Ex same bottom.
July 21....	Ellice B.....	11,200 Cases Liquors	Nassau.....	Ex same bottom.
July 21....	Edith M. Cavell....	500 Kegs Liquors	Havana.....	Thru Bill of Lading.
July 22....	Vinces.....	2,350 Cases Liquors	Havana.....	Ex same bottom.
July 23....	MacLean Clan.....	540 Kegs Liquors	Havana.....	Thru Bill of Lading.
July 24....	Frances Moulton....	7,913 Cases Liquors	Nassau.....	Ex same bottom.
	Frances Moulton....	99 Kegs Liquors	Nassau.....	Ex same bottom.
Jult 24....	Eva June.....	2,764 Cases Liquors	Guanaija.....	Ex same bottom.
July 27....	Gemma.....	600 Kegs Liquors	Georgetown.....	Thru Bill of Lading.
July 30....	Ocean Maid.....	579 Cases Liquors	Nassau.....	Ex same bottom.
July 31....	Cath. M. Moulton...	7,607 Cases Liquors	Havana.....	Thru Bill of Lading.
	Cath. M. Moulton...	4 Kegs Liquors	Havana.....	Thru Bill of Lading.
Aug. 1....	D. C. Mulhall.....	137 Kegs Liquors	Nassau.....	Ex same bottom.
Aug. 1....	Ellice B.....	12,200 Cases Liquors	Nassau.....	Ex same bottom.
Aug. 1....	Montclaur.....	3,700 Cases Liquors	Nassau.....	Ex same bottom.
Aug. 8....	Marion G. Douglas..	21,480 Cases Liquors	St. Pierre, Miq.....	Ex same bottom.
	Marion G. Douglas..	195 Kegs Liquors	St. Pierre, Miq.....	Ex same bottom.
Aug. 8....	Petrel.....	2,244 Cases Liquors	Lima, Peru.....	Thru Bill of Lading.
	Petrel.....	400 Kegs Liquors	Lima, Peru.....	Thru Bill of Lading.
Aug. 11....	Cath. M. Moulton...	6,607 Cases Liquors	Havana.....	Ex same bottom.
	Cath. M. Moulton...	4 Kegs Liquors	Havana.....	Ex same bottom.
Aug. 11....	Freda M. Himmelman.....	600 Kegs Liquors	Lima, Peru.....	Thru Bill of Lading.
Aug. 11....	Petrel.....	1,944 Cases Liquors	Lima, Peru.....	Ex same bottom.
	Petrel.....	300 Kegs Liquors	Lima, Peru.....	Ex same bottom.
Aug. 11....	Grace E. McKay...	291 Cases Liquors	Nassau.....	Ex same bottom.
Aug. 13....	Morso.....	2,632 Cases Liquors	St. Pierre, Miq.....	Ex same bottom.
	Morso.....	185 Kegs Liquors	St. Pierre, Miq.....	Ex same bottom.
Aug. 15....	Cath. M. Moulton...	6,507 Cases Liquors	Havana.....	Ex same bottom.
	Cath. M. Moulton...	104 Kegs Liquors	Havana.....	Ex same bottom.
Aug. 15....	Morso.....	2,632 Cases Liquors	Guanaija.....	Ex same bottom.
	Morso.....	485 Kegs Liquors	Guanaija.....	Ex same bottom.
Aug. 19....	Selma Creaser.....	1,100 Cases Liquors	St. Pierre, Miq.....	Ex same bottom.
	Selma Creaser.....	81 Kegs Liquors	St. Pierre, Miq.....	Ex same bottom.

VESSELS CLEARED WITH LIQUOR CARGOES FROM THE PORT OF HALIFAX, N.S., DURING THE CALENDAR YEAR, 1925—*Continued*

Date	Name	Cargo	Destination	Originated
1925				
Aug. 20	Jean Louis	4,800 Cases Liquors	Nassau	Ex same bottom.
	Jean Louis	148 Kegs Liquors	Nassau	Ex same bottom.
Aug. 22	Hohenlinden	4,000 Cases Liquors	Nicaguana	Ex same bottom.
Aug. 24	D. C. Mulhall	443 Cases Liquors	Nassau	Ex same bottom.
Aug. 24	Patrick Micheal	300 Kegs Liquors	Havana	Thru Bill of Lading.
Aug. 26	Vinces	2,025 Pkgs. Liquors	Havana	Ex same bottom.
Aug. 29	Eva June	2,529 Packages Liquors	Nassau	Ex same bottom
Sept. 3	Petrel	300 Kegs Liquors	Havana	Thru Bill of Lading
Sept. 4	Frances E. Moulton	99 Kegs Liquors	St. Pierre, Miq	Ex same bottom
Sept. 4	Frances E. Moulton	764 Cases Liquors	St. Pierre, Miq	Ex same bottom
Sept. 4	Clemencia	2,200 Cases Liquors	Nassau	Ex same bottom
Sept. 5	Ellice B	11,665 Cases Liquors	Nassau	Ex same bottom
Sept. 8	Eddie James	1,266 Cases Liquors	Havana	Ex same bottom
Sept. 8	Lutzen	2,100 Cases Liquors	Nassau	Ex same bottom
Sept. 8	Lutzen	77 Kegs Liquors	Nassau	Ex same bottom
Sept. 8	Tilli	34,185 Cases Liquors	Havana	Ex same bottom
Sept. 8	Tilli	500 Kegs Liquors	Havana	Ex same bottom
Sept. 9	M. M. Gardner	280 Kegs Liquors	Nassau	Ex same bottom
Sept. 9	Maria A. Howes	19,810 Cases Liquors	Lima, Peru	Ex same bottom
Sept. 9	Maria A. Howes	125 Kegs Liquors	Lima, Peru	Ex same bottom
Sept. 9	Freda M. Himmelman	300 Kegs Liquors	Havana	Ex same bottom
Sept. 10	Margarette Witte	9,017 Cases Liquors	Nassau	Ex same bottom
Sept. 10	Enid E. Legge	7,500 Cases Liquors	Havana	Ex same bottom
Sept. 10	Enid E. Legge	467 Cases Liquors	Havana	Trans. Edith M. Cavell
Sept. 12	George Cochran	500 Kegs Liquors	Havana	Thru Bill of Lading
Sept. 16	Ellice B	12,265 Cases Liquors	Nassau	Ex same bottom
Sept. 16	Hebert Green	1,448 Kegs Liquors	Havana	Ex same bottom
Sept. 16	Hebert Green	2,160 Cases Liquors	Havana	Ex same bottom
Sept. 17	Dorin	3,110 Cases Liquors	Havana and Lima via St. Pierre	Thru Bill of Lading
Sept. 17	Dorin	500 Kegs Liquors	St. Pierre	Thru Bill of Lading
Sept. 21	Dorin	4,110 Cases Liquors	Havana	Ex same bottom
Sept. 21	Dorin	500 Kegs Liquors	Havana	Ex same bottom
Sept. 25	James W. Parker	2,544 Cases Liquors	Nassau	Ex same bottom
Sept. 25	Ethlyn	100 Kegs Liquors	Havana	Ex same bottom
Sept. 28	W. H. Eastwood	5,000 Cases Liquors	Havana	Thru Bill of Lading
Sept. 28	W. H. Eastwood	500 Kegs Liquors	Havana	Thru Bill of Lading
Sept. 30	D. C. Mulhall	37 Kegs Liquors	Nassau	Ex same bottom
Oct. 2	Abundance	6,758 Cases Liquors	Havana	J.R. 3993 Transf. Walter Holken
Oct. 2	Donald II	2,688 Cases Liquors	Nassau	Ex same bottom
Oct. 5	Ena A. Moulton	7,940 Cases Liquors	Nassau	Ex same bottom
Oct. 5	Maria A. Howes	17,300 Cases Liquors	Lima, Peru	Ex same bottom
Oct. 6	M. M. Gardner	72 Kegs Liquors	Havana	Ex same bottom
Oct. 6	Waegoltic	4,481 Cases Liquors	Havana	Thru Bill of Lading
Oct. 6	Waegoltic	125 Kegs Liquors	Havana	Thru Bill of Lading
Oct. 7	Marion G. Douglas	12,067 Cases Liquors	Mexico	Ex same bottom
Oct. 7	Marion G. Douglas	98 Kegs Liquors	Mexico	Ex same bottom
Oct. 7	Ena A. Moulton	7,940 Cases Liquors	Havana	Ex same bottom
Oct. 7	Maria A. Howes	17,000 Cases Liquors	Lima, Peru	Ex same bottom
Oct. 8	Cath. M. Moulton	7,370 Cases Liquors	Havana	Ex same bottom
Oct. 8	La Parisienne	8,185 Cases Liquors	Porto Coles	Ex same bottom
Oct. 9	Ellice B	10,465 Cases Liquors	Havana	Ex same bottom
Oct. 9	Eva June	2,529 Cases Liquors	Guainaija	Ex same bottom
Oct. 12	Ena A. Moulton	2,400 Cases Liquors	Nassau	Ex same bottom
Oct. 12	Lutzen	2,476 Cases Liquors	Nassau	Ex same bottom
Oct. 12	Maria A. Howes	16,500 Cases Liquors	Lima, Peru	Ex same bottom
Oct. 12	Veronica	10,500 Cases Liquors	Havana	Thru Bill of Lading
Oct. 12	Veronica	300 Kegs Liquors	Havana	Thru Bill of Lading
Oct. 12	Thorndyke	3,835 Cases Liquors	Nassau	Ex same bottom
Oct. 15	Ellice B	6,965 Cases Liquors	Havana	Ex same bottom
Oct. 15	Andora	23,000 Cases Liquors	St. Pierre, Miq	Ex same bottom
Oct. 16	Ena A. Moulton	1,401 Cases Liquors	Havana	Thru Bill of Lading
Oct. 16	Eddie James	1,266 Cases Liquors	St. Johns, Nfld	Ex same bottom
Oct. 16	Eva June	2,529 Cases Liquors	Guanaija	Ex. same bottom.
Oct. 20	Lutzen	4,288 Cases Liquors	Nassau	Ex. same bottom.
Oct. 21	Eddie James	588 Cases Liquors	St. Johns, Nfld)	Ex. same bottom.
Oct. 21	Patrick Michael	1,300 Kegs Liquors	Lima, Peru	Thru Bill of Lading.
Oct. 22	Eva June	1,929 Cases Liquors	St. Pierre, Miq	Ex. same bottom.
Oct. 22	Ellice B	7,643 Cases Liquors	Havana	Ex. same bottom.

VESSELS CLEARED WITH LIQUOR CARGOES FROM THE PORT OF HALIFAX, N.S., DURING THE CALENDAR YEAR, 1925—*Concluded*

Date	Name	Cargo	Destination	Originated
Oct. 22....	Freda M. Himmelman	250 Kegs Liquors	Havana	Thru Bill of Lading.
Oct. 22....	Freda M. Himmelman	1,180 Cases Liquors	Havana	Thru Bill of Lading.
Oct. 26....	Arcola	400 Cases Liquors	St. Pierre, Miq.	Ex. same bottom.
Oct. 26....	Russel L. Zinck	631 Cases Liquors	St. Pierre, Miq.	Ex. same bottom.
Oct. 27....	Hohenlinden	100 Cases Liquors	St. Pierre, Miq.	Ex. same bottom.
Nov. 3....	MacLean Clan	600 Cases Liquors	Havana	Ex. same bottom.
Nov. 3....	MacLean Clan	4,063 Cases Liquors	Havana	Transf. Vedas.
Nov. 7....	Margarette Witte	8,200 Cases Liquors	Nassau	Ex. same bottom.
Nov. 7....	Clemencia	4,400 Cases Liquors	Nassau	Ex. same bottom.
Nov. 7....	Helen Maud	631 Cases Liquors	St. Pierre, Miq.	Ex. same bottom.
Nov. 13....	Vincent White	2,900 Cases Liquors	St. Pierre, Miq.	Ex. same bottom.
Nov. 14....	Eva June	1,029 Cases Liquors	St. Pierre, Miq.	Ex. same bottom.
Nov. 16....	Golden West	2,197 Cases Liquors	Nassau	Ex. same bottom.
Nov. 18....	Maria A. Howes	18,389 Cases Liquors	Nassau	Ex. same bottom.
Nov. 18....	Lutzen	1,500 Cases Liquors	Havana	Thru Bill of Lading.
Nov. 18....	Lutzen	200 Kegs Liquors	Havana	Thru Bill of Lading.
Nov. 18....	Andora	23,000 Cases Liquors	St. Pierre, Miq.	Ex. same bottom.
Nov. 20....	Lila E. D. Young	6,835 Cases Liquors	Havana	Thru Bill of Lading.
Nov. 20....	America	400 Cases Liquors	Havana	Ex. same bottom.
Nov. 23....	Waegoltic	4,481 Cases Liquors	Havana	Ex. same bottom.
Nov. 24....	Eva June	1,029 Cases Liquors	St. Pierre, Miq.	Ex. same bottom.
Nov. 26....	Morso	4,951 Cases Liquors	Havana	Thru Bill of Lading.
Nov. 26....	Morso	400 Kegs Liquors	Havana	Thru Bill of Lading.
Nov. 26....	Chautuaqua	4,289 Cases Liquors	Havana	Thru Bill of Lading.
Nov. 30....	Veronica	12,100 Cases Liquors	Havana	Ex. same bottom.
Dec. 2....	Alfarata	2,225 Cases Liquors	Nassau	Ex. same bottom.
Dec. 2....	Gemma	1,641 Cases Liquors	Havana	Thru Bill of Lading.
Dec. 2....	Gemma	500 Kegs Liquors	Havana	Thru Bill of Lading.
Dec. 2....	Hirval	1,180 Cases Liquors	Nassau	Ex. same bottom.
Dec. 4....	Donald II	500 Kegs Liquors	Havana	Thru Bill of Lading.
Dec. 7....	Gabverlla	3,900 Cases Liquors	Bermuda	Ex. same bottom.
Dec. 8....	Thorndyke	1,200 Cases Liquors	Nassau	Ex. same bottom.
Dec. 8....	Maria A. Howes	14,384 Cases Liquors	Nassau	Ex. same bottom.
Dec. 9....	Freda Himmelman	2,351 Cases Liquors	Havana	Thru Bill of Lading.
Dec. 9....	Freda Himmelman	200 Kegs Liquors	Havana	Thru Bill of Lading.
Dec. 12....	Hohenlinden	4,000 Caess Liquors	Nassau	Ex. same bottom.
Dec. 12....	Marion Phyllis	1,592 Kegs Liquors	St. Pierre, Miq.	Ex. same bottom.
Dec. 14....	Tilli	22,686 Cases Liquors	Havana	Ex. same bottom.
Dec. 15....	Joungshoved	7,000 Cases Liquors	Nassau	Ex. Warehouse 7000.
Dec. 16....	Donald II	500 Kegs Malt	Havana	Ex. same bottom.
Dec. 16....	Donald II	100 Doz. Beer		
Dec. 17....	Ocean Maid	1,000 Cases Liquors	Nassau	Ex. same bottom.
Dec. 17....	Ocean Maid	85 Kegs Malt	Nassau	Ex. same bottom.
Dec. 18....	S. S. Chapman	6,000 Cases Whiskey 500 Kegs Malt	Nassau	Ex. same bottom.
Dec. 18....	Eva June	564 Cases Liquors 41 Tins Alcohol.	St. Pierre, Miq.	Ex. same bottom.
Dec. 19....	Mulhall	600 Cases Liquors	St. Pierre, Miq.	Ex. same bottom.
Dec. 19....	Fernfield	1,980 Cases Whiskey	Havana	Thru Bill of Lading.
Dec. 19....	Fernfield	200 Cases Champagne	Havana	Thru Bill of Lading.
Dec. 23....	Eva June	565 Cases Liquors	St. Pierre, Miq.	Ex. same bottom.
Dec. 26....	Mistingnette	3,045 Pkgs. Liquors	Nassau	Ex. same bottom.
Dec. 29....	Golden West	1,898 Cases Liquors	Nassau	Ex. same bottom.
Dec. 29....	G. A. Rhuland	879 Kegs Liquors	St. Pierre, Miq.	Ex. same bottom.
Dec. 31....	St. Clair, T.	1,167 Cases Liquors		

NOTE

The Term Used	Explanation
Ex. same bottom	Clears with same cargo as reported inwards.
Thru Bill of Lading (B/L) or in Transitu	Goods imported on thru Bill of Lading lifted at this Port and cleared for destination.
Ex. Warehouse	Ex. Bonded Warehouse this Port and exported on Guarantee Company's Bond to be delivered at destination.
Canadian Whiskey Ex. W. H.	Canadian Whiskey ex Distillers Warehouse Documents certified at this Port as to shipment.
Canadian Ale Ex. W. H.	Canadian Ale shipped from Montreal Breweries Documents certified at this Port as to shipment.
Transfer	Cargo transferred in Port from one vessel to another owing to disabled condition of vessel on arrival with liquors, all under authority from Department, Ottawa, and with special undertaking to produce foreign Customs Landing Certificate.

VESSELS CLEARED WITH LIQUOR CARGOES FROM PORT OF HALIFAX, N. S., DURING CALENDAR YEAR 1923

Date of Clearance	Name of Vessel	Destination	Number of packages
1923			
Mar. 10	Tomaka	St. Pierre, Miq	335 cases whisky ex same bott.
Mar. 10	Istar	Nassau, Bah	18,000 cases whisky ex same bott.
Mar 17	Acadien	Nassau, Bah	2,686 liquor ex same bott.
Mar. 30	Gemma	Havana, Cuba	1,000 brls. Can. ale ex warehouse.
April 6	Eddie James	Nassau	650 cases whisky ex same bott.
April 21	Marsella	St. Pierre, Miq	1,175 cases whisky ex same bott.
May 1	Toboga	Nassau	4,002 cases whisky. 1,000 cases champagne. 600 cases brandy ex same bott.
May 10	Amire Antoinette	St. Pierre, Miq	3,530 cases whisky and gin. 1,000 cases champagne. 600 cases brandy ex same bott.
June 16	W. C. Kennedy	Nassau, B. W. I.	994 pkgs. liquor ex same bott.
June 25	Veda M. McKeown	Nassau, B.W.I.	190 cases whisky. 35 cases gin. 170 kegs rum ex same bott.
July 6	Gamma	Havana, Cuba	802 brls. Can. ale ex warehouse.
July 9	Robt. & Arthur	Nassau	2,335 cases whisky ex same bott.
July 12	Arcola	St. Pierre, Miq	2,500 cases whisky ex warehouse.
July 19	Ypont	Nassau	5,000 cases champagne. 50 cases gin. 8,935cases whisky ex same bott.
July 25	Alase	Nassau	157 pkgs. asstd. liq. ex same bott.
Aug. 9	Bernard M	Nassau	2,000 cases Am. whisky. 4,232 cases Can. whisky. 200 cases champagne. 200 cases cognac, Henn. ex same bott.
Aug. 10	Nellie Dixon	Havana, Cuba	600 brls. Can. ale ex warehouse.
Aug. 17	Spitfire	St. Pierre, Miq	300 cases whisky ex same bott.
Aug. 17	Arcola	St. Pierre, Miq	2,500 cases whisky ex warehouse.
Aug. 28	Eva June	Nassau	2,015 cases asstd. liq. ex same bott.
Aug. 22	Arancanie	Nassau	900 cases whisky ex same bott.
Aug. 30	Gemma	Havana, Cuba	1,000 brls. Can. ale ex warehouse.
Sept. 4	M. M. Gardner	St. Pierre Martinique, F.W.I.	5,490 cases asst. liq. ex same bott.
Sept. 7	Gerberviller	Nassau	4,301 cases asst. liq. ex same bott.
Sept. 17	Mulhouse	Nassau	1,493 cases asst. liq. ex same bott.
Sept. 29	Penta	St. Pierre, Miq	6,800 cases asst. liq. ex same bott.
Sept. 29	Canada	Nassau	4,991 cases asst. liq. ex same bott.
Oct. 13	Bernard M	St. Pierre, Miq	4,500 cases whisky ex warehouse.
Oct. 20	Bernard M	Nassau	10,322 cases whisky ex same bott.
Nov. 1	Edith Newhall	Nassau	1,602 asst. liq. ex same bott.
Nov. 3	Quaco Queen		1,000 brls. whisky. 635 cases whisky. 17 brls. rum. 17 cases gin ex warehouse.
Nov. 16	Gemma	Havana	1,002 brls. Can. liq. 2 in transitu 1,000 ex warenouse.
Nov. 30	Taboga	Nassau	
Nov. 30	Taboga	Nassau	3,89o cases alcohol ex same bott.
Dec. 6	Gemma	Havana	600 brls. Can. ale ex warehouse.
Dec. 20	Edith Newhall	Nassau, B.W.I.	1,868 cases whisky. 1,050 cases champagne. 97 cases sweet liq.
Dec. 22	Newton Bay	Bermuda, B.W.I.	19,819 cases liq. ex same bott.

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Ex Warehouse	Ex Bonded Warehouse this Port and exported on Guarantee Company's Bond to be delivered at destination.
Canadian Whiskey Ex W.H	Canadian Whiskey ex Distillers Warehouse Documents certified at this Port as to shipment.
Canadian Ale Ex W.H	Canadian Ale shipped from Montreal Breweries Documents certified at this Port as to shipment.
Transfer	Cargo transferred in Port from one vessel to another owing to disabled condition of vessel on arrival with liquors, all under authority from Department, Ottawa, and with special undertaking to produce foreign Customs Landing Certificate.

[Mr. William Foster Wilson.]

VESSELS CLEARED WITH LIQUOR CARGOES FROM THE PORT OF HALIFAX, N.S., DURING THE CALENDAR YEAR 1924

Date of Clearance	Name of vessel	Destination	Number of packages
1924			
Jan. 10	Johnstown	St. Pierre, Miq	2,644 cases ex same bottom.
Jan. 16	Newton Bay	Bermuda, B.W.I	19,759 cases ex same bottom.
Jan. 24	I'm Alone	Nassau, Bahamas	25,000 cases ex same bottom gals. alcohol.
Feb. 2	Shepherd King	Nassau, Bahamas	3,058 cases ex same bottom.
Feb. 5	Edith Newhall	St. Pierre, Miq	745 cases same bottom.
Feb. 21	Acadien	Nassau, Bah	3,205 pkgs. same bottom.
Feb. 23	Grace D. Boehner	Nassau, Bah	3,713 cases same bottom.
Feb. 25	Francis E. Moulton	St. Pierre, Miq	4,830 cases same bottom.
Feb. 28	La Aurock	Nassau, Bah	3,500 cases same bottom.
Feb. 29	Gemma	Georgetown, G.C.I	2,491 cases thru B/L.
Mar. 20	Beatrice	St. Pierre, Miq	350 cases same bottom.
April 3	Butetown	Nassau, Bah	55,500 cases same bottom.
April 12	Blairmore I	Nassau, Bah	2,447 cases same bottom.
April 17	Wyke Regis	Nassau, Bah	17,340 cases same bottom.
April 19	La Aurock	Nassau, Bah	3,500 cases same bottom.
April 22	Arcola	Havana, Cuba	720 bbls. beer ex warehouse.
April 26	Gen. Ironsides	Nassau, Bah	6,550 cases ex same bottom
May 2	Abacena	St. Pierre, Miq	6 bbls. ex same bottom.
May 7	Gemma	Georgetown, G.C.I	2,994 cases in transitu.
May 10	Taboga	Nassau, Bah	14,280 cases ex same bottom.
May 14	Blairmore I	Havana, Cuba	1,109 cases ex same bottom.
May 27	Wyke Regis	Nassau, Bah	12,340 cases ex same bottom.
May 30	Hitherwood	St. Pierre, Miq	500 cases ex warehouse. 21,118 cases ex same bottom.
May 31	Berl M. Corkum	Havana, Cuba	3,100 cases ex warehouse.
June 4	Bernard M	St. Pierre, Miq	5,000 cases Can. whiskey ex warehouse.
June 9	Arcola	Nassau, Bah	5,100 bbls. Can. beer ex warehouse
June 12	Acadian	Havana, Cuba	2,622 cases ex same bottom.
June 13	Over the Top	Havana, Cuba	5,025 cases in transitu.
June 16	Bernard M	St. Pierre, Miq	6,300 cases Can. whisky ex warehouse.
June 24	Bernard M	Nassau, Bah	6,250 cases ex same bottom.
June 27	Morso	Havana, Cuba	1,400 cases ex warehouse. 108 cases ex same bottom.
July 8	Abacena	St. Pierre, Miq	5 puns. rum. 5 galls. rum ex same bottom.
July 17	Taboga	Havana, Cuba	5,089 cases ex warehouse.
July 19	Mattawa	Fayol, Azores	701 kegs ex same bottom.
July 22	Gen. Ironsides	Puerto Cortez, Honduras	6,024 cases ex wharehouse.
July 25	Morso	Puerto Cortez, Honduras	1,653 cases ex warehouse.
Aug. 5	I'm Alone	Havana, Cuba	80 bbls. ale (Can.) ex warehouse.
Aug. 9	Vincent A. White	Puerto Cortez, Hon	3,237 cases ex warehouse 807 cases ex Customs Cutter "Margaret"
Aug. 11	Eva June	Havana, Cuba	1,052 kegs ex same bottom.
Aug. 12	Gemma	Havana, Cuba	216 cases ex same bottom.
Aug. 16	Rask	St. Pierre-Miquelon	1,313 cases ex same bottom.
Aug. 19	Pellagrini	St. Pierre-Miquelon	10,000 cases ex same bottom. 10,000 bags beer Can.
Sept. 8	Dorin	Havana, Cuba	4,000 cases Can. beer ex same bottom.
Sept. 9	Mattawa	Fayol, Azores	518 kegs ex same bottom.
Sept. 11	Falkenstein	Nassau	25,736 cases ex same bottom.
Sept. 11	Mattawa	Fayol, Azores	518 kegs ex same bottom.
Sept. 11	Douglas B. Conrad	St. Pierre-Miquelon	300 cases ex same bottom.
Sept. 12	Morso	Porto Corto, Hon	1,500 cases in transitu. 1,088 cases ex warehouse.
Sept. 13	Ethelwyn	Guanaja, Hon	1,850 cases in transitu. 1,788 ex warehouse.
Sept. 17	Fred B	St. Pierre-Miquelon	3,500 cases Can. whiskey ex warehouse.
Sept. 24	Audrey Brown	St. Pierre-Miquelon	1,000 cases in transitu. 2,000 cases ex warehouse. 839 kegs ex warehouse.
Sept. 25	Fred B	Nassau, Bah	5,456 cases ex same bottom
Sept. 30	Reginald R. Moulton	St. Pierre-Miquelon	508 cases ex same bottom .
Oct. 4	Gemma	St. Pierre-Miquelon	133 drums alcohol 191 cases beer ex same bottom.
Oct. 10	Patrick Michael	Guanaja, Honduras	4,000 cases in transitu. 150 cases ex warehouse.

[Mr. William Foster Wilson.]

VESSELS CLEARED WITH LIQUOR CARGOES FROM PORT OF HALIFAX, N. S., DURING CALENDAR YEAR 1924—*Concluded*

Date of Clearance	Name of vessel	Destination	Number of packages
1924			
Oct. 13	Catherina Mary	Nassau, Bah	1,500 cases ex same bottom.
Oct. 14	Ethelyn	Guanaga, Honduras	7,422 cases in transitu. 444 cases ex warehouse.
Oct. 23	Morso	Guanaga, Honduras	8,810 cases in transitu. 198 cases ex warehouse.
Oct. 24	Petrel	Guanaga, Honduras	370 kegs in transitu.
Nov. 3	Giant King	Guanaga, Honduras	4,000 cases in transitu.
Nov. 3	Richard B. Silver	Guanaga, Honduras	6,698 cases in transitu.
Nov. 5	Newton Bay	Guanaga, Honduras	7,925 cases in transitu. 200 cases ex warehouse.
Nov. 11	Salvatrice	Port of Cortas, Hon	1,500 cases ex same bottom.
	General Pau	Guanaja, Honduras	8,537 cases in transitu.
Nov. 13	Lazel L. Myra	Guanaja, Honduras	7,300 cases in transitu.
Nov. 13	Kirk & Sweeney	Guanaja, Honduras	4,749 cases in transitu.
Nov. 15	Gen. Ironsides	Nassau, B.I	4,412 cases ex same bottom.
Nov. 22	Homestead	Nassau, B.I	15,924 cases ex same bottom.
Nov. 26	D. D. McKenzie	Guanaja, Hon	5,950 cases in transitu.
Nov. 29	Falkenstein	Nassau	2,000 cases alcohol ex same bottom 12 barrels " " 24 cans " "
Dec. 1	Harold Conrod	Guanaja, Hon	3,750 cases in transitu. 1,900 cases ex warehouse. 50 kegs in transitu.
Dec. 3	Blairmore I	Nassau	554 cases ex same bottom.
Dec. 3	Homestead	Nassau	22,014 cases ex same bottom.
Dec. 3	W. C. Smith	St. Pierre-Miquelon	695 cases ex same bottom.
Dec. 3	Falkenstein	Nassau	2,000 cases alcohol ex same bottom 12 barrels " " 24 cans " "
Dec. 4	Russel S. Zinck	Guanaja, Honduras	4,020 cases in transitu. 2,502 cases ex warehouse.
Dec. 5	A. J. Balfour	Bermuda, B.W.I	136 cases ex same bottom.
Dec. 5	Newton Bay	St. Pierre, Miquelon	3,000 cases ex same bottom.
Dec. 5	Hillcrest	Guanaja, Honduras	10,336 cases in transitu. 1,466 cases ex warehouse.
Dec. 6	Francisca	St. Pierre, Miquelon	38,244 cases ex same bottom.
Dec. 8	Eva June	St. Pierre, Miquelon	11 bbls. alcohol. 23 tins alcohol. 2,200 cases alcohol. ex same bottom.
Dec. 8	Blairmore I	Nassau	554 cases ex same bottom.
Dec. 9	Faustina	Havana, Cuba	2,676 cases ex warehouse.
Dec. 10	General Pau	Guanaja, Honduras	2,076 cases in transitu. 700 cases ex warehouse.
Dec. 12	Newton Bay	Guanaja, Honduras	11,765 cases in transitu. 1,100 cases ex warehouse. 1,500 cases ex same bottom.
Dec. 12	Kirk & Sweeney	Guanaja, Honduras	4,500 cases in transitu. 350 cases ex warehouse.
Dec. 13	Lila E. D. Young	Havana, Cuba	5,000 cases ex same bottom.
Dec. 13	Morso	Puerto Cortes, Hon	1,400 cases ex same bottom. 30 barrels ex same bottom.
Dec. 15	Freda M. Himmelman	Guanaja Honduras,	3,850 cases in transitu. 700 cases ex warehouse.
Dec. 18	Giant King	Guanaja, Honduras	3,850 cases in transitu. 650 cases ex warehouse.
Dec. 20	Floreel	Nassau	23,000 cases ex same bottom.
Dec. 23	Gemma	Guanaja, Honduras	3,100 cases in transitu. 82 kegs ex warehouse.
Dec. 24	Homestead	Nassau, B.I	9,115 cases ex same bottom.
Dec. 29	Grace & Ruby	Nassau, B.I	1,735 cases ex same bottom.
Dec. 31	Douglas B. Conrad	Nassau, B.I	1,697 cases ex same bottom.
Dec. 31	Andora	St. Pierre, Miquelon	1,449 cases ex same bottom.

NOTE

THE TERM USED	EXPLANATION
Ex same bottom	Clears with same cargo as reported inwards.
Thru Bill of Lading (B/L) or in transitu	Goods imported on thru Bill of Lading lifted at this Port and cleared for destination.
Ex warehouse	Ex Bonded Warehouse this Port and exported on Guarantee Company's Bond to be delivered at destination.
Canadian Whiskey Ex W.H	Canadian Whiskey ex Distillers Warehouse Documents certified at this Port as to shipment.
Canadian Ale Ex W.H	Canadian Ale shipped from Montreal Breweries Documents certified at this Port as to shipment.
Transfer	Cargo transferred in Port from one vessel to another owing to disabled condition of vessel on arrival with liquors, all under authority from Department, Ottawa, and with special undertaking to produce foreign Customs Landing Certificate.

By Hon. Mr. Bennett:

Q. Is that a correct statement of the operation that Mr. Doucet refers to, so far as you have been able to get it from the department?—A. A request for that went out from the authorities, and I have no doubt it is correct.

Q. It comes from the collectors at those ports, to your office?—A. Yes, to the auditors here.

Witness retired.

Mr. CALDER, K.C.: May I also have Mr. Wilson put in a list of prosecutions under amendments to the Customs Act from the 27th of June, 1925, up to the 26th of May, 1926, as Exhibit No. 226?

(Documents filed as Exhibit No. 226).

Seizure No.	Date	From Whom	Address	Section of Act	Goods	Result
1-5928	June 29,	1926John Pyke	Sydney, N. S.	219 (3)	Liquor	3 years. Suspended sentence.
2-5994	July 10,	1926Chas. Aucoin	Cheticamp	219 (3)	"	Fined $100 under section 219.2.
3-5996	July 10,	1926Fedele Cormier	Cheticamp	219 (3)	"	Fined $100 under section 219.2.
4-6033	July 7,	1926Patrick Osborne	Glace Bay	219 (3)	"	3 years. Suspended.
5-6077	Aug. 4,	1926Albert Filmore	Port Elgin, N.B.	219 (3)	"	Dismissed.
6-6118	Aug. 18,	1926Sam. Walfield	West Dublin, N.S.	219 (3)	"	2 years. Now serving.
7-6121	Aug. 21,	1926Allen Henneberry	Devil's Isld., N.S.	219 (3)	"	2 years. Now serving.
8-6154	Aug. 16,	1926Rupert Curtis	South Bay, N.S.	206 (3)	"	"No Bill."
9-6164	Sept. 8,	1926Hyman Richardson	Windsor, Ont.	219 (3)	Gen. Mdse.	1 year. Serving now.
10-6242	Oct. 2,	1926J. P. Champagne	Montreal, Que.	206 (3) 219 (3)	Liquor	Pending.
11-6247	Oct. 7,	1926Eugene McIntyre	Charlo, N.B.	219 (3)	"	Pending.
12-6247	Oct. 7,	1926Alphonse Robichaud	Charlo, N. B.	206 (3)	"	Pending.
12-6247	Oct. 7,	1926Clovis Bujold	Charlo, N.B.	206 (3)	"	Pending.
14-6247	Oct. 7,	1926Sam Francoeur	Charlo, N.B.	219 (3)	"	Dismissed.
15-6247	Oct. 7,	1926Clifford Chaltersan	Charlo, N.B.	219 (3)	"	Dismissed.
16-6247	Oct. 7,	1926Ernest Boudreau	Charlo, N.B.	219 (3)	"	Pending.
17-6269	Oct. 14,	1926Jos. Moulaison	Mavilette, N.S.	219 (3)	"	Pending.
18-6295	Oct. 2,	1926Sam McDonald	Glace Bay, N.S.	206 (3)	"	Dismissed.
19-6295	Oct. 2,	1926Arthur Toomey	Glace Bay, N.S.	206 (3)	"	Dismissed.
20-6295	Oct. 2,	1926Alex. Ferguson	Glace Bay, N.S.	206 (3)	"	Dismissed.
21-6295	Oct. 2,	1926Robert Nutter	Glace Bay, N.S.	206 (3)	"	Dismissed.
22-6313	Oct. 23,	1926H. F. Lovell	North Sydney, N.S.	219 (3)	"	Pending.
23-6311	Oct. 27,	1926Findlay Horne	North Sydney, N.S.	219 (3)	"	Dismissed.
24-6333	Oct. 28,	1926Ambrose Sampson	Florence, N.S.	206 (3)	"	One year in jail.
25-6333	Oct. 28,	1926John F. Jobes	Florence, N.S.	206 (3)	"	One year in jail.
26-6333	Oct. 28,	1926Wm. Collins	Sydney Mines, N.S.	206 (3)	"	Dismissed.
27-6288	Oct. 7,	1926Benj. Cohen	Montreal	219 (3)	Silk	Pending.
28-6347	Oct. 28,	1926Benj. Cohen	Montreal	219 (3)	Silk	Pending.
29-6333	Nov. 16,	1926Loftus Manuel	St. Margaret's Bay	219 (3)	Liquor	1 year.
30-6391	Nov. 11,	1926Dominic Mancini	North Sydney, N.S.	206 (3)	"	Dismissed.
31-6391	Nov. 11,	1926Anthony Mancini	North Sydney, N.S.	206 (3)	"	1 year. Sentence suspended. Appeal ent'd.

Seizure No.	Date	From Whom	Address	Section of Act	Goods	Result
32-6469	Dec. 14, 1926	Philip Bujold	Campbellton, N.B.	219 (3)	"	Pending.
33-6473	Dec. 5, 1926	Chas. Ballard	North Sydney, N.S.	219 (3)	"	Dismissed.
34-6540	Jan. 14, 1926	R. Thuot	St. John, Que.	219 (3)	Cigarettes	Pending.
35-6532	Jan. 14, 1926	D. V. Mancini	North Sydney, N.S.	219 (3)	Whiskey, rum	Dismissed.
36-6548	Jan. 26, 1926	Andrew McEachern	North River, P.E.I.	219 (3)	Whiskey, rum	(Charge amended by Magistrate to section 219 (2) and $200.00 fine imposed.)
37-6118	Jan. 17, 1926	Capt. D. Cleversey	La Have, N.S.	206 (3)	Liquor	Dismissed.
38-6118	Dec. 25, 1925	Peter Botwin	United States	206 (3)	"	Pending.
39-6118	Dec. 17, 1925	Bowman Rafuse	Formerly of Halifax, N.S.	206 (3)	"	Pending.
40-6118	Dec. 9, 1925	R. M. James	LaHave, N.S.	219 (3)	"	Dismissed.
41-6118	Jan. 26, 1926	R. M. James	LaHave, N.S.	206 (3)	"	Dismissed.
42-6519	Jan. 11, 1926	Z. Legault	Montreal	219 (3)	Jewett sedan	Found guilty; awaiting sentence—2 years.
43-6559	Jan. 29, 1926	Milfred Van Alstine	Melocheville, Que.	219 (3)	Suits and overcoats	Dismissed.
44-6559	Jan. 29, 1926	Merick Emery	Melocheville, Que.	219 (3)	" "	Pending.
45-6559	Jan. 29, 1926	Dr. Brault	Valleyfield	219 (3)	" "	Pending.
46-6477	Dec. 15, 1925	D. Archambault	Montreal, Que.	219 (3)	Cigarettes	Charge reduced to 219.2 by magistrate. Appealed.
47-6670	Feb. 19, 1926	D. McKinnon	Vancouver, B.C.	219 (3)	Barbers' supplies.	Sentenced to one year in jail; out on bail of $5,000 pending appeal.
48-6670	Feb. 19, 1926	G. F. Rollins	Ladner, B.C.	206 (3)	" "	Fined $200 under section 219.2.
49-6603	Feb. 19, 1926	Fred Butler	Montreal, Que.	219 (3)	Dodge sedan	Pending.
50-6632	Feb. 26, 1926	Everett Hyson	Halifax, N.S.	219 (3)	Liquor	Pending.
51-6659	Feb. 24, 1926	Edward Neal	Vancouver, B.C.	219 (3)	Machine guns and cartridges.	One year in jail.
52-6622	Feb. 23, 1926	J. E. Valley	Lachine, Que.	219 (3)	Buick Sedan	Dismissed.
53-6668	Mar. 15, 1926	Thos. Wiggins, Sr. & Jr.	St. John, N.B.	206 (3) or 219 (3)	Horse, Vehicle and Liquor.	Pending.
54-6703	Mar. 22, 1926	Geo. Conley	Winnipeg, Man.	219 (3)	Cadillac Tour	"
55-	Mar. 26, 1926	James Sacco	Niagara Falls, N.Y.	206 (3)	Alcohol	"
56-	Mar. 26, 1926	Frank Parisi	Niagara Falls, N.Y.	206 (3)	"	"
57-6583	Feb. 10, 1926	Romeo Cardinal	Montreal	219 (3)	Reo Truck	"
58-6698	Mar. 22, 1926	E. Siegel	St. Thomas, Ont.	206 (3)	Hosiery	Dismissed.
59-6698	Mar. 22, 1926	E. Siegel	St. Thomas, Ont.	219 (3)	"	Pending.
60-6455	Dec. 5, 1925	O. Falcon	Montreal, Q.	219 (3)	Peerless auto	"
61-5385	Nov. 24, 1924	Camille Deur	Montreal, Q.	219 (3)	Hudson auto	"
62-6736	April 8, 1926	Rene Cardinal	Montreal, Q.	219 (3)	"	"
63-6760	April 17, 1926	Amos Duval	Chateaugay, N.Y.	206 (3)	Peerless auto	"
64-6738	April 2, 1926	L. J. Levy	Victoria, B.C.	206 (3)	Machine guns	"
65-6738	April 2, 1926	L. J. Levy	Victoria, B.C.	219 (3)	"	"
66-6738	April 2, 1926	T. L. Newton	Victoria, B.C.	206 (3)	"	"
67-6738	April 2, 1926	T. L. Newton	Victoria, B.C.	219 (3)	"	"
68-6742	April 8, 1926	Choy King	Victoria, B.C.	219 (3)	Mauser pistols and ammunit.	"
69-6717/26	April 10, 1926	H. Isenstein	Winnipeg, Man.	206 (3)	Dresses, etc.	"
70-6717/26	April 10, 1926	S. Fashler	Winnipeg, Man.	206 (3)	Dresses, etc.	"
71-6865	May 25, 1926	Frederick Conley	Winnipeg, Man.	206 (3)	Buick auto	"
72-6815	May 17, 1926	Rene Boisseau	Montreal, P.Q.	219 (3)	Buick Brougham	"

The Committee adjourned until Thursday, June 10, at 10 o'clock a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 64—THURSDAY, JUNE 10, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Charles P. Blair, General Executive Assistant, Department of Customs and Excise.

Mr. W. F. Wilson, Chief of Preventive Service, Department of Customs and Excise.

Mr. G. W. Taylor, Acting Deputy Minister of Customs and Excise.

Mr. Harold Sloggett, European Silk Company, Toronto.

Mr. N. B. Gerry, Messrs. Clarkson, Gordon & Dilworth, Chartered Accountants, Toronto.

Mr. A. E. Nash, Messrs. Clarkson, Gordon & Dilworth, Chartered Accountants, Toronto.

Mr. George Hollinger, Montreal.

Miss E. Bernstein, Montreal.

Mr. Harry Hollinger, Montreal.

Mr. Henry Day, Montreal.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1926

EXHIBITS FILED

No. 227—Statement of Customs-Excise revenue collected at Montreal, 1921-22 to 1925-26, and April-May of fiscal year 1926-27; also List of Customs Excise officers in Province of Quebec.

No. 228—Twelfth Interim Report of the Auditors *re* (1) Alco Dress Co., Toronto; (2) O. B. Earle & Co., Hamilton; (3) European Silk Co., Toronto.

No. 229—Thirteenth Interim Report of the Auditors *re* bank account of Mr. J. A. E. Bisaillon.

No. 230—Fourteenth Interim Report of the Auditors respecting various distilleries.

No. 231—Fifteenth Interim Report of the Auditors *re* (1) Stapells-Fletchers Ltd.; (2) Doherty Manufacturing Co., Ltd.; (3) A. E. Rea & Co.; (4) Prince Manufacturing Co.; (5) Silks Limited; (6) E. & J. Silk Co., Ltd.; (7) Model Dress House; (8) R. J. Sapera Ltd., all of Toronto.

No. 232—Canadian-United States Treaty for Suppression of Smuggling.

MINUTES OF PROCEEDINGS

THURSDAY, 10th June, 1926.

The Committee met at 10 a.m., Mr. Mercier, the Chairman, presiding.

Present: Messrs. Bell, Bennett, Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Pere and Stevens—9.

Committee counsel present: Messrs. Calder and Tighe.

The minutes of the last meeting —8th instant—were read and adopted.

The Auditors submitted their Twelfth, Thirteenth, Fourteenth and Fifteenth Interim Reports.

Mr. G. W. Taylor submitted,

1. Statement of Customs-Excise revenue collected at Montreal 1921-22 to 1925-26, and April-May of fiscal year 1926-7.

2. List of Customs-Excise officers in the Province of Quebec.

Ordered,—That above productions be filed as Exhibit No. 227.

The Vancouver Board of Trade submitted a report respecting smuggling and under-valuation of goods.

Moved by Hon. Mr. Stevens,—That the calling of the following witnesses for to-day be approved, viz,—

1. Henry Day, 291 St. Paul Street W., Montreal.
2. George Hollinger, Hollinger & Packer, 60 Phillips Place Bldg., Montreal.
3. Harry Hollinger, 149 St. Catherine St. E., Montreal.
4. Miss Bernstein, c/o Hollinger & Packer, 60 Phillips Place Bldg., Montreal.

Motion agreed to.

Mr. Charles P. Blair and Mr. W. F. Wilson were recalled. Later, Mr. G. W. Taylor, was recalled. Mr. Calder read telegrams to and from the Department of Customs and Excise respecting favours desired, witnesses were examined on contents of telegrams.

Witnesses retired.

The Committee rose at 1 p.m.

The Committee resumed at 4 p.m.

Moved by Mr. Kennedy,—That the following witnesses be called for Friday June 11th at 3 p.m.

1. W. C. Duncan, 65 Drummond Apts., Montreal, P.Q.
2. E. N. Todd, Freight Traffic Mgr., C.P.R., Windsor Station, Montreal, P.Q.
3. C. B. Brown, Mgr. Caledonia Springs Water Co., Montreal, P.Q.
4. Albert Beaulieu, Teamster, Canadian Cartage & Storage Company, Montreal, P.Q.

Motion agreed to.

Moved by Mr. Donaghy,—That the following witnesses be summoned for Friday, June 11, viz,—

1. Harris Goldberg, c/o Royal Cloak Co., Richmond St., W., Toronto.
2. Morris Goldberg, c/o Royal Cloak Co., Richmond St., W., Toronto.
3. Davis Goldberg, c/o Royal Cloak Co., Richmond St., W., Toronto.
4. C. B. Alexander, c/o Customs Preventive Officer, Toronto.
5. T. Clodman, c/o C. B. Alexander, Toronto.
6. M. Berger, c/o C. B. Alexander, Toronto.

Motion agreed to.

The Auditors submitted their Sixteenth and Seventeenth Reports to the Committee.

Mr. Calder read a report from Mr. L. C. Todd of Messrs. Clarkson, Gordon, and Dilworth, supplementary to the Auditor's Report respecting Rock Island District.

Mr. Calder read a memorandum from the Auditors respecting Reliable Garments, Limited.

The name of Mr. J. Perkins, Alco Dress Company, Toronto, being called Mr. Perkins did not respond. Mr. H. Daly, Ottawa, Counsel for Alco Dress Company stated that Mr. Perkins was in New York.

Ordered,—That Mr. Perkins attend on the Committee not later than tomorrow evening.

The name of Mr. Cohen, Alco Dress Company, Toronto, being called, Mr. Cohen did not respond. Mr. Daly explained that Mr. Cohen had to remain at the factory.

The name of Miss D'Entremont, O. B. Earle & Company, Hamilton, being called, Miss D'Entremont did not respond.

Mr. Harold Sloggett, European Silk Company, Toronto, was called, sworn and examined respecting missing records of his company required by the Auditors.

Witness discharged.

Mr. N. B. Gerry, Messrs. Clarkson, Gordon & Dilworth, Chartered Accountants, Toronto, was called, sworn and examined in regard to the audit made of the books of European Silk Company, Toronto.

Witness retired.

Mr. A. E. Nash, was recalled and questioned briefly respecting the Thirteenth Interim Report of the Auditors regarding Mr. J. A. E. Bisaillon's Bank Account.

Witness retired.

Mr. Calder filed,—

Exhibit No. 228—Twelfth Interim Report of the Auditors re

1. Alco Dress Co., Toronto.
2. O. B. Earle & Co., Hamilton.
3. European Silk Co., Toronto.

Exhibit No. 229—Thirteenth Interim Report of the Auditors re bank account of Mr. J. A. E. Bisaillon.

Exhibit No. 230—Fourteenth Interim Report of the Auditors respecting various distilleries.

Exhibit No. 231—Fifteenth Interim Report of the Auditors re

1. Stapells-Fletchers Ltd.
2. Doherty Manufacturing Co., Ltd.
3. A. E. Rea & Co.
4. Prince Manufacturing Co.
5. Silks Limited.
6. E. & J. Silk Co., Ltd.
7. Model Dress House.
8. R. J. Sapera Ltd.

all of Toronto.

Respecting the books and records of the Klever Dress Company, Montreal, and of Messrs. Hollinger & Packer, Montreal, the following witnesses were severally called, sworn, examined and discharged:

1. Mr. George Hollinger, Montreal.
2. Miss E. Bernstein, Montreal.
3. Mr. Harry Hollinger, Montreal.
4. Mr. Henry Day, Montreal.

Mr. Calder for Mr. Nash, filed analysis of invoices produced to the Auditors respecting John W. Gaunt Company.

Mr. Calder filed,—

Exhibit No. 232—Canadian-United States Treaty for Suppression of Smuggling.

Mr. N. B. Gerry, was recalled and examined respecting the audit he made of the books of certain Toronto firms. (15th Interim Report.)

Witness retired.

The Committee adjourned until to-morrow at 11 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

THURSDAY, June 10, 1926.

The Special Committee appointed to investigate the Department of Customs and Excise and charges relating thereto, met at 10.00 o'clock a.m., the Chairman, Mr. Mercier, presiding.

The Committee has received the following letter:

VANCOUVER BOARD OF TRADE,
300 Pender St. W.,
VANCOUVER, B.C., June 5, 1926.

CHAIRMAN OF THE COMMITTEE,
Enquiring into the Department of
Customs and Excise,
Ottawa, Canada.

SIR,—I have the honour to send to you the Report in reference to smuggling and under-valuation, prepared by the Special Customs Committee of this Board, and unanimously endorsed at a meeting of the Council of this Board held on Thursday, June 3, 1926.

Respectfully submitted, on behalf of the Vancouver Board of Trade.

Yours truly,

(Signed) W. E. PAYNE,
Executive Secretary.

The CHAIRMAN: And with the permission of the members of the Committee I will order these recommendations printed for the consideration of the Committee:

REPORT OF SPECIAL CUSTOMS COMMITTEE OF THE VANCOUVER BOARD OF TRADE *re* SMUGGLING AND UNDER-VALUATION.

At the outset, we would respectfully suggest to the Council that the evidence as disclosed before the Parliamentary Committee has brought out the fact that smuggling has been carried on in Canada on a very extensive scale. We believe that an amendment to the Criminal Code to deal with commercial smuggling, making the penalties more severe, might tend to better the situation. Further, we thoroughly endorse the action of the Government in its efforts to prevent this evil.

With regard to the question of Under-Valuation, this is a subject which should be given full consideration by the Customs Department.

For the information of the Council, we quote herewith Clause 3 of the Declaration taken by the exporter of the goods exported to Canada:—

> That the said Invoice also exhibits the market value of the said goods at the time and place of their direct exportation to Canada, and as when sold at the same time and place in like quantity and condition for home consumption in the principal markets of the country whence exported directly to Canada without any discounts or deduction for cash or on account of any drawback or bounty, or on account of any royalty actually payable thereon when sold for home consumption but not payable when exported or on account of the exportation thereof or for any special consideration whatever.

We, the members of your Committee, know that it is not the practice of many exporters to live up to the true meaning of this chause. We contend that in its present form it is extremely difficult for the appraiser to understand.

There are goods imported into Canada under the present form of declaration, which are liable to both duty and sales tax, invoices for which do not show the correct cost of the merchandise as at the date of export.

For the information of the Council, we might state that where goods are purchased from a manufacturer by a shipping agent, the agent is generally remunerated either by salary or by a small commission, sometimes appearing on the invoice, and on other occasions probably omitted. Even submitting that this charge is added, it does not bring up the goods to the value that the meaning or intent of the clause would indicate. For valuation purposes, the adoption of consignment invoices from a foreign country to Canada leaves a good many loop holes for undervaluation.

Now, the Committee has also received, through Mr. Wilson, and sent to the Committee by Mr. Taylor, Acting Deputy Minister, the following letter:

DEPARTMENT OF CUSTOMS AND EXCISE

OTTAWA, June 9, 1926.

Refer to file 127111

SIR,—I have the honour to forward herewith as requested statement showing the Customs Excise Revenue collected at the Port of Montreal for the fiscal years 1921-22 to 1925-26 inclusive; and statement showing the number of Customs Excise Officers stationed at each of the Customs Excise Offices in the Province of Quebec.

I have the honour to be, Sir,
Your obedient servant,

(Signed) GEO. W. TAYLOR,
Acting Deputy Minister.

PAUL MERCIER, Esq., K.C.,
Chairman, Special Committee,
House of Commons, Ottawa.

Attached to this letter are two statements and I will ask the Committee that they be printed into the record as an Exhibit:

EXHIBIT No. 227

"Statement of Customs Excise Revenue collected at the Port of Montreal during the fiscal years 1921-22 to 1925-26 inclusive, and during April and May of the fiscal year 1926-27.

1921-22	$ 76,828,197 14
1922-23	86,478,567 25
1923-24	90,704,705 20
1924-25	79,378,833 50
1925-26	104,114,273 64
1926-27 (2 months)	14,706,899 37

Collections of 1925-26 include $16,406,659.73 Income Tax Revenue not collected by Customs-Excise Department during other years.

STATEMENT Showing the Customs Excise Offices in the Province of Quebec with the number of Officers at each place

Ports	Outports	Preventive Stations	No. of Officers
Athelstan			6
	Dundee		2
	Hemmingford		1
	Ste. Agnes de Dundee		2
	Trout River		2
		Covey Hill	1
		Franklyn Centre	1
		Frontier	1
		Herdman	1
		Malone, N.Y.	1
Beebe Junction			5
	Georgeville		1
	Magog		2
	Rock Island		7
Chicoutimi			2
	Herbertville		1
	Jonquiere		1
	Port Alfred		1
Coaticook			9
	Baldwin's Mills		1
	Barnston		1
	Stanhope		3
Gaspe			1
Granby			7
Hull			3
	Lachute		2
	Ville Marie		1
		Granville	1
Lake Megantic			4
	Notre Dame de Bois		1
Montreal			472
	Berthierville		6
	Joliette		5
	St. Jerome		1
		St. Roch l'Achigan	1
		St. Lin	1
		St. Jacques	1
		L'Epiphanie	1
Paspebiac			1
	Port Daniel		1
	St. Omer		1
Perce			1
	Chandler		1
Quebec			96
	Amos		1
	Amherst Harbour		4
	Ellis Bay		1
	Estcourt		1
	Havre Ste. Pierre		1
	Grindstone		1
	Les Escoumains		1
	Harrington Harbour		1
	Levis		3
	Monk		1
	Montmagny		1
	Morisset Station		1
	Point au Pic		1
	Riviere du Loup		2
	Sault au Mouton		1
	Seven Islands		1
	St. Anselme		1
	St. Zacharie		1
	St. Pamphile		1
	St. Jean Port Joli		1
	Trois Pistoles		1
Rimouski			2
	Matane		1
	Ste. Anne des Monts		1
	Mont Louis		1
St. Armand			5
	Phillipsburg		3
	St. Albans, Vt		1

STATEMENT Showing the Customs Excise Offices in the Province of Quebec with the number of Officers at each place—Concluded

Ports	Outports	Preventive Stations	No. of Officers
St. Hyacinthe			11
	Drummondville		3
	St. Cesaire		1
	Marieville		1
St. Johns			9
	Cowansville		1
	Clarenceville		1
	Farnham		3
	Frelighsburg		2
	Lacolle		10
	Lacolle Bridge		1
	Cantic		8
	Noyan Junction		3
	St. Andre Road		2
	Rouse's Point, N.Y.		1
Shawinigan Falls			4
	Grand Mere		3
Sherbrooke			16
	Armstrong		3
	Beauceville		2
	Comins Mills		2
	Paquetville		1
	Chartierville		1
	Cookshire		1
	Hereford Road		1
	St. Camille de Bellechasse		1
	Thetford Mines		2
	Richmond		2
	Victoriaville		2
	Windsor Mills		1
Sorel			3
	Nicolet		1
Sutton			6
	Abercorn		2
	Highwater		3
	Mansonville		2
		Newport, Vt.	2
Three Rivers			2
	La Tuque		1
	St. Boniface		1
Valleyfield			5

Ottawa, June 9th, 1926."

Hon. Mr. STEVENS: You have not had an opportunity to examine these telegrams yourself?

Mr. CALDER, K.C.: I have read some of them.

Hon. Mr. STEVENS: Would you read them into the record and briefly examine the two of them, Mr. Blair and Mr. Wilson. I would suggest, Mr. Chairman, to Mr. Wilson and Mr. Blair and others, that in regard to these telegrams which are bunched together, as it obviously impossible to go into every matter referred to, the telegrams might be read and such brief explanation given as may seem necessary as we proceed. As a matter of fact the point in the recital of these telegrams is to show the degree to which the ordinary duties of the senior officers of the Department are interfered with by parties outside, Members of Parliament or otherwise. There are some illustrations which I think are somewhat strong, and there are numerous instances having a bearing upon one of the most serious matters before the Committee, namely, smuggling and rum-running on the Atlantic coast. By the reading of these telegrams I think considerable light will be thrown on this matter; at least it will impress upon the Committee the necessity of freeing the officials of the Department from undue influence from outside. I think that is one object to be attained. I suggest that the telegrams be read and that Mr. Blair and Mr. Wilson give, as they proceed, a brief explanation.

The CHAIRMAN: I understand telegrams are usually in very incomplete form; the more you write the more you pay.

Mr. CALDER, K.C.: I will read them and if any explanation has to be given, it can be given. Have the telegrams been handed to Mr. Wilson and Mr. Blair?

Hon. Mr. STEVENS: Some of them were and some are here.

The CHAIRMAN: I might offer this suggestion that in making an examination of the telegrams of the Department of Customs and Excise, you can read them to Mr. Blair and ask if he can tell anything about them.

Hon. Mr. BENNETT: Mr. Taylor should also be here.

The CHAIRMAN: I would recommend that if the wires are signed by Mr. Taylor, Mr. Taylor be here as he is the man who can give an explanation about it.

C. P. BLAIR recalled.

W. F. WILSON recalled.

The CHAIRMAN: Mr. Blair and Mr. Wilson, you are under the oath already taken.

Mr. CALDER, K.C.: Pursuant to the order of the Committee I will read into the record a series of telegrams upon which Mr. Wilson has penned the following note:

> Preventive Service File No. 14499 respecting seizures of liquor believed to be the property of Henry A. Amiro and found in the possession of Joseph Moulaeson,—Preventive Service Customs Seizure 6269 and 6270—has been transferred to the Committee on the 8th June, 1926. This same file relates also to the Schooner Annie.
>
> Preventive Service File 14517 respecting the appointment of L. M. Trask has also been transferred to the Committee, 8th June, 1926.
>
> Preventive Service File 14616 respecting correspondence concerning the schooner Maria A. Craft has been sent to the Committee on the 8th June, 1926.

Telegram

YARMOUTH, N.S., 1018 A.

October 5th, 1925.

W. F. WILSON,

Chief Customs Excise Preventive Service,
Ottawa, Ont.

Please rush memorandums 8-9 and 55 Customs and Excise Acts with amendments form E 101 N.L.K. 9 K 9 one half 18 stop. Schooner Maria Craft Capt. Greek cleared for Nassau with six hundred cases alcohol on Sept. 26th but is in port yet on account of engine trouble am advised by one of crew she has protection through Boston Rum Ros and will unload at wharf in Boston stop Schooner Annie disposed of most her cargo now lying at wharf Salmon River Digby Co. with large quantity of alcohol supposed to be selling nights I have no Acts, no amendments no forms none at Customs House writing fully and await instructions Madeline A. and patrol boat G. in Bay of Fundy .

(Signed) L. M. TRASK.

Telegram

YARMOUTH, N.S., Oct. 14th, 1925

W. F. WILSON,
Chief Customs Excise Preventive Service,
Ottawa, Ont.

I checked up schooner Annie, she entered Sept. 7th with 49 cases alcohol 25 cases whiskey 152 kegs rum entered Sept. 20th 49 cases alcohol 11 cases whiskey and 75 kegs rum entered October 3rd with with 49 cases alcohol Customs Officer claims he counted them each time therefore could be no mistake now only has 48 cases am holding vessel awaiting your instructions stop seized 7 ten gallon kegs rum in barn of Joseph Moulisong Cape St. Marys he claims they belong to Henry Amero of Yarmouth Moulisong has property Amero made assignment a short time ago advise in re both stop. Part of the rum of Annies cargo in near vicinity of Salmon River going there again at once waiting reply.

L. M. TRASK.

Telegram

OTTAWA, October 14, 1925.

L. M. TRASK,
Customs-Excise Enforcement Officer,
Yarmouth, N.S.

If you have proof Schooner Annie violated section thirteen Customs Act seize her. stop. If you have not such proof release her Stop Forward seizure report K. 9 and full detailed report regarding rum seized from Moulisong. Proceed as soon as possible to vicinity of Salmon River to seize rum landed there.

W. F. WILSON.

Charge Customs P.S.
10.50 a.m.
F/M

Telegram

YARMOUTH, N.S., Collect.,
OCTOBER 15, 1925.

R. R. FARROW,
Deputy Minister Customs and Excise,
Ottawa, Ont.

Sub Collector Deveau of Salmon River reports that Leslie M. Trask of Yarmouth acting in the capacity of a Customs Officer raided the home of Joseph Maulison at Mavillette and secured seven ten gallons kegs or rum ten demijohns and one case spirits which he has deposited with him. Stop. He also checked up the cargo of the schooner Annie laying at Salmon River liquor laden and found one case of spirits short from the report of the master when reporting inward from sea. stop. I have placed the schooner under detention. stop. Has Mr. Trask the authority to act as a Customs official reply.

A. H. BROOKS,
Collector.

Telegram

Ottawa, October 15, 1925.

Collector of Customs and Excise,
Yarmouth, N.S.

Leslie M. Trask has authority from Department to act as Customs officer.

R. R. FARROW,
Deputy Minister.

Chg. Customs."

Telegram

Collect. October 18, 1925.

R. R. FARROW,
Deputy Minister of Customs and Excise,
Ottawa, Ont.

Private. Serious and grave charges have been made against L. M. Trask Preventive Officer now operating Claire Digby County my constituency so serious are these charges that I demand suspension immediately pending investigation his appointment is a disgrace to any government wire Trask at once that he is suspended and have him removed from my constituency also wire me action has been taken rush.

L. J. LOVETT, M.P.,
Digby-Annapolis."

Telegram

Ottawa, Ont., October 19, 1925.

Dr. J. L. LOVETT,
Bear River, N.S.

Have notified L. M. Trask that his appointment as Acting Customs Excise Enforcement Officer is withdrawn pending investigation.

R. R. FARROW,
Deputy Minister.

Charge
Customs-Excise.

Hon. Mr. BENNETT: There, somebody should offer some explanation.

By Mr. Calder, K.C.:

Q. Mr Wilson, were you consulted before this telegram was sent?

Mr. WILSON: I was called into the Deputy Minister's office and he dictated two telegrams to me, which I have here in shorthand and as a result I telegraphed to J. C. Bourinot.

Q. Did you ask for any explanation of this withdrawal of what appeared to be an efficient officer?—A. Their's is not to reason why.

Q. You took the order and forwarded it?—A. Yes.

Q. No explanation was given to you?—A. No, sir.

OCTOBER 19th, 1925.

J. C. BOURINOT,
Customs-Excise Enforcement Officer,
Port Hawkesbury, N.S.

Proceed immediately to Bear River, Digby County, and see Doctor Lovett and obtain from him particulars of charges which have been made against Leslie M. Trask, Acting Customs-Excise Enforcement Officer, and investigate same without delay. Trask's letter of appointment has been withdrawn pending investigation.

W. F. WILSON.
OCTOBER 19th, 1925.

P. L. HATFIELD,
Yarmouth, N.S.

Have notified L. M. Trask that his appointment as Acting Customs-Excise Enforcement Officer is withdrawn pending investigation.

R. R. FARROW,
Deputy Minister.

OTTAWA, October 19th, 1925.

LESLIE M. TRASK,
Yarmouth, N.S.

Your appointment as Acting Customs-Excise Enforcement Officer for this Department is withdrawn pending investigation. Please return letter of appointment to Department.

R. R. FARROW,
Deputy Minister.

Mr. CALDER, K.C.: I have a telegram that I am now going to read, which should have been read at the same time as Doctor Lovett's. This telegram bears the same date, and reads as follows:—

Personal,

YARMOUTH, N.S., 19 10:10 a.m.

R. R. FARROW,
Ottawa.

Lovett reports serious charges Special Preventive Officer Trask in his constituency strongly suggest you suspend Trask's appointment and operations by wire pending an investigation. I have private information which makes me very apprehensive Further suggest you send special man here to investigate.

H. L. HATFIELD.
OTTAWA, October 19th, 1925

L. M. TRASK,
Acting Customs-Excise Enforcement Officer,
Yarmouth, N.S.

Am instructed by Department to withdraw your appointment as Acting Customs-Excise Enforcement Officer and to return letter of appointment to Department. Please mail it to me.

W. F. WILSON.

DEPARTMENT OF CUSTOMS AND EXCISE,
OTTAWA, 31st October, 1925

COLLECTOR OF CUSTOMS AND EXCISE,
Weymouth, N.S.

Release schooner *Annie* in circumstances stated your letter twenty-sixth.

R. R. FARROW,
Deputy Minister.

By Mr. Calder, K.C.:

Q. Was there an investigation into Mr. Trask's case?—A. Yes, sir.

Q. What was the result of it? (Mr. Wilson hands the file to Mr. Calder). Is this the report in consequence of which Mr. Trask was permanently dismissed?—A. His appointment was cancelled.

Q. And remained cancelled?—A. Yes, sir.

Q. This is the report, of which you now show me a copy, dated November 23, 1925. Is this the report in consequence of which the suspension and can-

cellation was maintained? (Mr. Wilson hands file to Mr. Calder).—A. I have been looking at the file. Trask's appointment was withdrawn prior to Officer Bourinot proceeding to investigate. He has not yet been reinstated.

Q. This report dated November 23, 1925, reads as follows:

PORT HAWKESBURY, Nov. 23, 1925.

In re L. M. Trask, Yarmouth, a suspended Temporary Enforcement Officer—Pending Investigation.

W. F. WILSON, ESQ.,
Chief, Customs-Excise Preventive Service,
Ottawa.

SIR: I arrived at Bear River on Monday No. 16th where I interviewed Dr. J. L. Lovett ex M.P., and gave him to understand I had been instructed by you to proceed with the L. M. Trask investigation and requested his assistance. I had to remain at Bear River until Wednesday morning, Nov. 18th before Dr. Lovett was ready to proceed with me in his car to Metigan and other places as far as Mavilette. He interviewed some of his friends who were instrumental in his making charges to the Customs Department advocating the suspension of Officer L. M. Trask. We did not succeed in finding any party who was in a position to give an affidavit in the matter. I was advised by Dr. Lovett to proceed to Yarmouth and get in touch with Mr. R. W. E. Landry, K.C., who it was said would be in a position to submit some material evidence. I had an interview with lawyer Landry who, I understand, acts as solicitor for the Customs Department. He gave me typewritten copies of declarations he had in his possession from Theophile Doucette of Cape St. Mary and of Joseph Malaison of Mavilette in respect to the search of their homes by Officer L. M. Trask. You will find these documents attached hereto. I received from Theophile Doucette an affidavit corroborating his declaration to Mr. Landry which you will find attached hereto.

I interviewed Mr. Paul Hatfield, M.P., at Yarmouth on Thursday morning, Nov. 19, when he turned over to me two letters he had received from his friend Mr. Jas. J. Harris, who charges Mr. L. M. Trask with having made some uncalled for remarks against prominent Liberal politicians at the Victoria Hotel, Barrington Passage, on Sept. 25, 1925, and of his threatening to fight on said occasion Mr. Harris who resented the severe remarks. I understand that this took place after Mr. Trask had made application to be appointed an officer of Customs and had been advised by the Customs Department that his appointment was to take place. Mr. Harris refused to make an affidavit upon the request of Mr. Hatfield, and Mr. L. M. Trask refused to give me any sworn statement in connection with same for the reasons given in his affidavit. The letters of Mr. Harris and the affidavit of Mr. L. M. Trask are attached hereto. I may say that Mr. L. M. Trask admitted to me he had made some strong remarks and therefore could not deny the statements under oath.

Mr. L. M. Trask denies the statement made by Theophile Doucette in connection with the searching of his house and premises of Mr. Doucette although he does not admit putting everything back in the position he found them. I may say I cautioned Mr. Doucette to be careful in not making any statement except what was absolutely true and correct, his wife who was present at the time stated that every word was true.

Mr. L. M. Trask states that all searches made by him in suspected houses were all made without his having any warrants of search.

Mr. R. W. E. Landry, K.C., stated to me that Mr. L. M. Trask did everything in his power during the Federal election which took place on October 29 against the Government and is a most bitter and partizan Conservative.

In my opinion Mr. L. M. Trask was not justified in taking such an offensive part in the discussion which is said to have taken place in the Victoria Hotel at Barrington Passage on the evening of Sept. 25, 1925, which he declines to deny under oath. He certainly should be most gentlemanly and courteous when searching private homes and place everything back in the state they were found especially in houses where no smuggled goods or any indication of same can be found or any definite information is given. I believe Mr. L. M. Trask might be a useful man to ferret out information leading to the seizures of smuggled goods but is not a safe man to give power and authority to under all circumstances. I do not think he was justified in searching private homes generally without providing himself with search warrants which he would find no difficulty in securing in Yarmouth.

I have the honour to be, Sir,

Your obedient servant,

(Signed) J. C. BOURINOT.

Mr. CALDER, K.C.: Shall I read the affidavits? (Reads):

Copy

I, L. M. Trask of Yarmouth, N.S., hereby solemnly and truly swear this 20th day of November, 1925, that I absolutely deny having taken any active part in politics since I was sworn in as an officer of Customs on Sept. 30, 1925, or of having made any offensive or personal remarks against any prominent politician; but I refuse to make any affidavit as to what statements I may have made at Barrington Passage, N.S., in the Victoria Hotel, on the evening of Sept. 25, 1925, as it was before my appointment to the Customs Service. I searched the home and premises of Theophile Doucette at Cape St. Mary, in the County of Digby, N.S., on the night of Oct. 15 1925, in search of smuggled liquors I was informed were concealed there. I deny absolutely tearing open mattresses or strewing on the floors of the house any personal effects or breaking off the door of any commode. I may have unintentionally tramped or walked on a few cranberries on the floor of the upstairs of the house. In connection with the searching of houses for smuggled liquors while I was an officer of Customs, I did not have any search warrant but was willingly allowed to make the searches on all occasions.

SWORN to before me at Yarmouth, N.S., this 20th day of November, 1925.

(Signed) LESLIE M. TRASK.

(Signed) J. C. BOURINOT.

Copy

BRIDGEWATER, N.S.
Oct. 14th, 1925.

PAUL HATFIELD, Esq., M.P.
Yarmouth, N.S.,

MY DEAR Mr. HATFIELD,—Excuse the liberty I take in addressing you at the present time, your busy time, but the above item was cut from the Herald and I can hardly believe my eyes. I know that anything in the

Halifax Herald could be taken with a large grain of salt; at the same time this bears the ear marks of truth.

Mr. CALDER, K.C.: I will now read the item from the Halifax Herald, referred to in the letter. (Reads):

Copy

YARMOUTH, Oct. 8, 1925.

An appointment that has created a great amount of discussion in Yarmouth the past week is that of L. M. Trask as Preventive Officer (a Federal appointment).

(Continues reading letter)

Can it be possible that this foul mouth tory has received an appointment at the hands of a Liberal government? On Friday night, Sept. 25th, when you were in Cape Island, and friends from Yarmouth were holding a meeting for women at Barrington Passage, this party with others were guests at the Victoria Hotel. An argument arose (the writer being one of the two liberals present) after making some outrageous statements about the liberal party in general and Mr. King in particular (when he called Trask) not excepting yourself who knew nothing about politics. He standing in the middle of the floor called Mr. W. S. calling a damn crook. This was more than I could stand, and I called him for it. To use his own words "nothing but my gray hairs saved me from a punching" and finally he offered to take me and two of my great friends one after the other is all together. And this party according to the above item is rewarded by being appointed to one of the very few positions which is at the gift of the liberal government. We can never win elections that way. May I ask why this outrage was permitted? You may remember me as the commercial traveller who congratulated you on your fighting speech delivered at the Y.M.C.A. Hall just previous to last election. I beg to refer you to Mr. Lindsay Gardner.

Wishing you every success, I am,

Yours truly,

(Signed) JAS. H. HARRIS.

Copy

HALIFAX, Oct. 16, 1925.

PAUL HATFIELD, Esq., M.P.
Yarmouth, N.S.

MY DEAR MR. HATFIELD: Your telegram had just been phoned to me. I arrived home last night knocked out by a bad cold. It will not be possible for me to furnish you with affidavits for the following reasons. With four exceptions those present were travelling man all of whom are tories. Mr. Frank Christy and a young Jewish peddler named Nelson being the only liberals present.

Besides the item being true, the Liberal executive of Yarmouth having appointed this foul mouth rowdy to an office, I think I would be very foolish to put myself in the way of a severe punching the next time this party met me. I am very sure it would not be the Liberal Executive who would be hurt, but your humble servant, who would be for various reasons unable to defend himself. But it does hurt Mr. Hatfield to know that my party was so ill advised. Again wishing you personally every success, and hoping to be recovered to do my little bit.

I am

Yours respectfully,

(Signed) JAS. J. HARRIS

Copy

I, Theophile Doucette, of Cape St. Mary, County of Digby, N.S., hereby solemnly and truly swear as follows:

On October 15th, 1925, about 7 p.m., Mr. L. M. Trask, Customs Officer of Yarmouth, N.S., came to my house. The lamps were lit and we had just got through our supper. We have five children from eleven years to five years old, in addition to my wife and myself. He said he had been sent to raid my house because it had been reported to him that I was selling liquor. He then requested me to tell him where the liquor was concealed in the house, and that if I refused to do so he would fine me $200. I then advised him that I had no liquor in my house or on my premises, and that I have never sold any. Then he said he was going to search the house, and thinking he had full power to do so, I told him to go ahead. He proceeded to a trunk where we keep certain belongings and emptied it, throwing everything on the floor and leaving it there. Then he went into a bedroom and turned over a straw bed, taking practically all the straw out and throwing it in different directions on the floor and left the room in an upturned condition and the straw on the floor. He then opened a commode that was kept behind the door and broke the door of same which fell on the floor and left all that was in it strewed around. He then went to another bedroom, grabbed hold of the mattress, open about two feet in such a way that part of the stuffing of the mattress came out, and upturned everything else in the room, and left it without replacing anything. This mattress cost me about $7. He then went in another bedroom and turned everything in this room upside down, throwing everything right and left in different directions on the floor. From thence he proceeded upstairs where we had about seven buckets of cranberries spread on the floor to ripen. He walked right over them, crushing and destroying many of them with his feet, and examined some boxes or trunks we had, leaving them open and the contents strewn about as in the other rooms. From thence he proceeded to the cellar, making a thorough examination, but found nothing. He then took my lantern and searched around my house and barn and left my premises after 9 p.m. The next morning he came back to return my lantern, and said he could not understand why he had been informed that he should search my place for liquor. I said that I knew nothing about it, and that I never sold a drop of liquor in my life.

SWORN to before me at Cape St. Mary, N.S., this 19th day of November, 1925. (Signed) J. C. BOURINOT.

(Signed) THEOPHILE DOUCETTE.

Mr. CALDER, K.C.: Then there is a statement made by Mr. Doucette to R. W. E. Landry, which is practically a repetition of the same thing.

There are two telegrams, with the following notation:—

The Preventive Service have no record respecting a seizure or investigation concerning Raoul Richard.

By Mr. Calder, K.C.:

Q. Mr. Blair, have you anything on the Customs file?

Mr. BLAIR: The file is with the Committee; No. 125072.

Mr. CALDER, K.C. (Reads):

QUEBEC, October 5, 1925.

WILLIAM IDE,
Secretary, Dept. of Customs,
Ottawa, Ont.

Please do not forget to wire me as soon as Minister's signature has been obtained *re* Raoul Richard.

THOMAS VIEN.

QUEBEC, October 12, 1925.

P. C. BLAIR,
Dept. of Customs and Excise,
Ottawa.

Minister's private secretary advises me he mailed signed document Saturday morning *re* Raoul Richard.

THOMAS VIEN.

By Mr. Calder, K.C.:

Q. Can you tell us personally what happened in that case?

Mr. BLAIR: No, the file has been before the Committee, and they have not been able to find it for me.

Q. Were proceedings being taken in the case of Raoul Richard?—A. No, I think not; I think it was just a seizure.

Q. Was there any proceeding in contemplation?—A. No, I do not recall anything about it at all.

By Hon. Mr. Bennett:

Q. A seizure had been made?—A. Yes, a seizure had been made, and this was to learn the decision.

By the Chairman:

Q. The decision was not to withdraw it?—A. No, that is not my recollection; I think they will find the file here.

By Mr. Calder, K.C.:

Q. The next telegrams refer to file 14526, with the following notation:—

Preventive Service File 14526, respecting the seizure of a Buick automobile from A. J. Dube has been transferred to the Special Parliamentary Committee on the 8th June, 1926.

Have you that file before you?—A. I have the Customs file, as to the seizure, here.

Mr. CALDER, K.C.: (Reads telegrams):

EDMUNDSTON, N.B., October 6, 1925.

R. R. FARROW,
Deputy Minister of Customs,
House of Commons, Ottawa, Ont.

Re seizure No. 37052/6191. Can you release A. J. Dube car upon payment of duty and expenses. Refer to Mr. Dawes report *re* same. Answer collect.

PIUS MICHAUD.
OCTOBER 6, 1925.

PIUS MICHAUD, M.P.,
Edmundston, N.B.

Instructions being given to release Dube car on deposit duty, taxes and expenses.

(Signed) R. R. FARROW,
Deputy Minister.

By Mr. Calder, K.C.:

Q. Tell us about that, Mr. Wilson.

Mr. BLAIR: It was a seizure from Mr. Dube, Customs Officer at Edmundston, of an automobile which was valued at $50. He had got this car in the United States, and had brought it over the line. Being a Customs Officer, he thought he ought not to pass the car for duty at his own port, so he telephoned to the Collector at St. Leonard, N.B., and said he would bring the car there and

have it appraised. On bringing the car to that port, some delay took place; the car was under repairs, and it was placed under seizure before any report was made to the Customs.

By Hon. Mr. Bennett:

Q. Where at?—A. Seizure was made by the Preventive Service. The car was released upon payment of $51.56, made up as follows:—

Duty	$17.50
Sales Tax	3.38
Excise Tax	3.38
Expenses	27.30
Total	$51.56

and the automobile was worth $50. It was an old ramshackle thing, that we could never have sold.

Mr. CALDER, K.C.: I will next file the telegrams which bear the following notation:—

The Preventive Service has no record of any correspondence respecting protest concerning the Customs Officer at Caledonia, N.S.

That is initialled by Mr. Wilson.

LUNENBURG, N.S.,
October 10, 1925.

R. R. FARROW,
Deputy Minister of Customs,
Ottawa, Ont.

Have resolution from people in Caledonia protesting strongly about partizanship of Collector of Customs there. Strongly recommend his removal immediately, and have some one appointed temporarily to take charge of office until new man appointed.

WILLIAM DUFF.

OTTAWA, October 12, 1925.

ARTHUR LOVETT, Esq.,
Acting Inspector of Customs and Excise,
Halifax, N.S.

Understand people of Caledonia have forwarded resolution to Mr. William Duff, protesting strongly against political partizanship of the Sub-Collector at Caledonia. Please proceed there without delay, and investigate this matter, submitting evidence to Department.

R. R. FARROW,
Deputy Minister.

OTTAWA, October 12, 1925.

WILLIAM DUFF, Esq., M.P.,
Lunenburg, N.S.

I am wiring District Inspector to proceed to Caledonia to investigate any charges which may be made to him of political partizanship by Sub-Collector at that place.

R. R. FARROW,
Deputy Minister.

OTTAWA, ONT., October 15, 1925.

H. S. HARRINGTON,
Assistant Inspector of Customs and Excise,
Liverpool, N.S.

Procure statutory declarations from persons making charges active political partizanship against Officer at Caledonia and obtain similar declaration from Officer. You may acquaint latter with particulars of charges without showing him declarations.

R. R. FARROW,
Deputy Minister.

LIVERPOOL, N.S.,
OCTOBER 15, 1925.

R. R. FARROW,
Deputy Minister of Customs and Excise,
Ottawa, Ont.

Your telegram twelfth regarding protest people Caledonia against political partizanship Sub-Collector Banks. Have interviewed several people there. Please wire me Liverpool whether or not you require sworn affidavits from persons making protest. If so, am I to show affidavits to Banks, or simply state contents to him and take his declaration in reply. People making protest do not wish their names made known to Banks. Urgent.

H. S. HARRINGTON,
Assistant Inspector.

HALIFAX, N.S., October 13, 1925.

R. R. FARROW,
Deputy Minister of Customs and Excise,
Ottawa.

Your telegram twelfth regarding protest from people of Caledonia regarding political partizanship of Sub-Collector at Caledonia. Am leaving to-morrow morning to investigate matter at request of Acting Inspector Lovett who is unable to go on account of illness.

H. S. HARRINGTON,
Assistant Inspector.

By Mr. Calder, K.C.:

Q. Have you any record of that in your files, Mr. Blair?

Mr. BLAIR: No.

Mr. WILSON: That must be with the Departmental files.

Mr. CALDER, K.C.: "Preventive Service file 10933 respecting Officer Scriven was transferred to the Special Parliamentary Committee on 27th May, 1926.

Preventive Service file 10936 respecting officer E. S. Tracey has been transferred to the Committee on 8th June, 1926."

Telegram

HALIFAX, Nova Scotia, October 13th.

Collect.
WILLIAM IDE,
Private Secretary,
Minister of Customs and Excise,
Ottawa, Ont.

Private. Re cancellation R. H. Scriven's appointment as Preventative and Excise Officer without salary, stop. Please have Deputy Min-

ister wire withdrawing cancellation without direct notification to Scriven notifying however you Collector of Customs advise Scriven verbally continue his duties. stop. Will advise later as to final action.

(Signed) R. E. FINN.

Telegram

HALIFAX, Nova Scotia, October 26th, 1925.

Minister of Excise and Customs,
Ottawa, Ont.

Church mass meeting Sunday evening under auspices Halifax Social Service Council express regret and vigorously protested dismissal Excise Officers Tracey and Scriven and unanimously request reinstatement these men or others equally efficient and approve by above council resolution to follow.

(Signed) Rev. W. J. DEAN.
President, 550 Robie Street.

By Hon. Mr. Stevens:

Q. The question is, were these officers dismissed, Mr. Wilson?
Mr. WILSON: That is to say Scriven and Tracey?
Q. Yes.
Mr. WILSON: They were, Scriven was subsequently appointed.
Q. Re-appointed?
Mr. WILSON: Yes, sir.
Q. Was Tracey?
Mr. WILSON: Now.

Hon. Mr. STEVENS: Mr. Calder, there are here, following right along several of the same character. The point is interference with and demand for the appointment of these officers.

Mr. CALDER, K.C.: It is only fair to say that Mr. Wilson was not requested to look up these files. (Reading telegram):

Telegram

LIVERPOOL, NOVA SCOTIA,
Sept. 1st., 1925.

Collect.
R. R. FARROW,
Deputy Minister Customs,
Ottawa, Ontario.

Am informed Civil Service Commission have notices out for applicants for position Collector Customs Riverport. stop. What does this mean? stop. This is second time this position advertised as notices were posted two months and several applied and two Himmelman returned soldiers and Myra took examinations either one of two should get appointment without this second notice for applicants. Answer here.

(Signed) WILLIAM DUFF.

Telegram

OTTAWA, September 1st, 1925.

WM. DUFF, Esq., M.P.
Liverpool, Nova Scotia.

Am informed by Civil Service Commission that all candidates failed at recent examination for sub-collector at Riverport and before permanent appointment may be made appointee must pass examination.

stop. Temporary appointment of Mr. Himmelman as sub-collector has been authorized pending further examination by Commission.

(Signed) G. W. TAYLOR,
Acting Deputy Minister.

Telegram

LIVERPOOL, N.S., September 2nd.

Collect.
R. R. FARROW,
Deputy Minister, Customs,
Ottawa, Ontario.

Re Customs Liverpool. strongly recommend that Moore be promoted to collector and that Civil Service Commission immediately advertise for applicants for position formerly held by Moore, answer Lunenburg.

(Signed) WM. DUFF.

Telegram

OTTAWA, ONT., September 2nd, 1925.

WM. DUFF, Esq., M.P.
Lunenburg, Nova Scotia.

Have wired Inspector Lovett to proceed to Lunenburg immediately and engage parties mentioned your letter eighteenth ultimo and telegram twenty-sixth ultimo with salaries at rate seventy five dollars per month each.

(Signed) R. R. FARROW,
Deputy Minister.

Telegram

OTTAWA, Sept. 3rd, 1925.

WM. DUFF, Esq., M.P.
Lunenburg, N.S.

Application being made to Civil Service Commission for appointment collector at Liverpool from October nineteenth date of Mr. Wright's retirement stop appointment rests with Commission and not with Department.

(Signed) R. R. Farrow,
Deputy Minister.

Telegram

OTTAWA, Sept. 3rd, 1925.

WM. DUFF, Esq., M.P.,
Liverpool, N.S.

As all appointments where salary exceeds two hundred dollars are made by Civil Service Commission appointment at Riverport rests with commission and Department has no authority in matter.

(Signed) R. R. FARROW,
Deputy Minister.

Telegram

LUNENBURG, N.S., Sept. 15th.

Collect.
R. R. FARROW,
Deputy Minister Customs,
Ottawa.

Special Preventive Officers have not yet received any instructions please see that instructions issued immediately so they can go to work.

(Signed) WM. DUFF.

Telegram

OTTAWA, Sept. 15th, 1925.

WM. DUFF, M.P.,
Lunenburg, N.S.

Mr. Wilson Chief Customs Excise Preventive Service is arranging to send special officer to Lunenburg to give verbal instructions to recently appointed special preventive officers. stop. Written instructions were sent some days ago.

(Signed) R. R. FARROW,
Deputy Minister.

Telegram

LIVERPOOL, N.S., Sept. 19th, 1925.

Collect
G. W. TAYLOR,
Acting Deputy Minister,
Customs and Excise,
Ottawa, Ontario.

Re Riverport Customs What does Civil Service Commission want college graduate at six hundred Himmelman fully qualified but presume examination some foolish and ridiculous questions urge that department inform Commission they will not submit to such ridiculous tomfoolery as having this position advertised second time no one will bother applying.

(Signed) WM. DUFF.

Telegram

LUNENBURG, N.S., July 8th, 1925.

Collect
R. R. FARROW,
Deputy Minister of Customs,
Ottawa, Ontario.

Regarding retirement of Wright and man to take over office temporarily Liverpool people say that Elisha Moore who is Wright's assistant is quite capable of looking after the work kindly arrange this.

(Signed) WM. DUFF.

Telegram

(Date illegible).

Collect
R. R. FARROW,
Ottawa, Ontario.

Mossman LaHave and Hallett Liverpool have not yet received notice of appointment as Special Preventive Officers please rush matter as several cases where they can do good work.

(Signed) WM. DUFF.

Telegram

LUNENBURG, N.S., August 26, 1925.

R. R. FARROW,
Ottawa, Ontario.

Please appoint immediately Victor Boutilier of Chester, and J. Daniel Myra, Riverport, special preventative officers in addition to three names left with you for Lunenburg, Mahone and Bridgewater. stop. Will telegraph names for La Have and Liverpool Thursday.

(Signed) WM. DUFF.

Telegram

LUNENBURG, August 27, 1925.

Collect.

WILLIAM IDE,
Private Secretary,
Minister of Customs,
Ottawa, Ont.

Please telegraph what position Riverport you want recommendation for.

(Signed) WM. DUFF.

Telegram

OTTAWA, August 27, 1925.

WM. DUFF, M.P.,
Lunenburg, N.S.

Sub-Collector Customs temporary appointment necessary pending appointment of permanent officer by Commission.

(Signed) W. IDE.

Telegram

LUNENBURG, N.S., August 27, 1925.

Collect.

R. R. FARROW,
Deputy Minister Customs and Excise,
Ottawa, Ont.

Please appoint John Hallett special preventive officer, Liverpool.

(Signed) WM. DUFF.

Telegram

LUNENBURG, N.S., August 28.

Collect.

R. R. FARROW,
Deputy Minister Customs,
Ottawa, Ont.

Please appoint John Mossman special preventive officer La Have immediately.

(Signed) WM. DUFF.

Telegram

LUNENBURG, N.S., September 8, 1925.

Collect.

R. R. FARROW,
Deputy Minister Customs,
Ottawa, Ont.

Replying your telegram of third *re* Hallett and Mossman would appreciate it if you would issue instructions immediately to have these two men sworn in.

(Signed) WM. DUFF.

Hon. Mr. STEVENS: Mr. Calder, perhaps you might put these in in connection with the Harnish case interference.

Mr. CALDER, K.C.: The Harnish case has been gone into by examination of the file.

Hon. Mr. STEVENS: These were not put on the file.

Mr. CALDER, K.C. (Reading):

Telegram

LUNENBURG, December 3, 1925.

Collect.

Hon. G. H. BOIVIN,
Minister of Customs and Excise,
Ottawa, Ont.

Re my telegram re McDonald re Harnish have not time to write you particulars as Healy, Preventative Officer, Halifax, serving papers to-day. Please telegraph Healy not to serve and withhold action pending your further instructions will write you fully later. answer.

(Signed) WM. DUFF.

Telegram

DEPARTMENT CUSTOMS AND EXCISE,
OTTAWA, December 4, 1925.

F. J. HEALY,
Customs Excise Enforcement Officer,
Halifax, N.S.,

Re Harnish prosecution proceedings are to be withheld.

(Signed) G. W. TAYLOR,
Acting Deputy Minister.

Telegram

HALIFAX, Nova Scotia, December 4, 1925.

Collect.

Hon. G. H. BOIVIN,
Minister of Customs and Excise,
Ottawa, Ont.

Re Harnish matter and previous telegram have discussed matter and cannot very well explain in letter stop in view of fact that matter first came before your officials in June and nothing done until few days ago a further delay will not affect position and would strongly recommend matter remain in abeyance until I get Ottawa and discuss matter with you and officials. Please instruct Henly and person here suspend whole matter until further instructed summons not yet served so no difficulty suspension answer Lunenburg.

(Signed) WM. DUFF.

Telegram

OTTAWA, December 4, 1925.

WM. DUFF, Esq., M.P.,
Lunenburg, N.S.

Proceedings re Harnish withheld pending receipt of answer to letter written to you to-day.

(Signed) GEORGE H. BOIVIN.

By Hon. Mr. Stevens:

Q. Mr. Wilson, was the prosecution of Harnish pursued later or was it dropped?

Hon. Mr. BENNETT: He paid $200 voluntary penalty.

The CHAIRMAN: The settlement was made in pursuance of Section 136 of the Act and the spirits remained confiscated.

Hon. Mr. STEVENS: They were not prosecuted under Section 319.

Hon. Mr. BENNETT: Settled by a voluntary payment of $200.

Hon. Mr. STEVENS: Now, Mr. Calder, we have a number of cases here which were specially referred to during the evidence regarding the movement of

liquor from one vessel to another ostensibly the excuse being that they came in through stress of weather. There are a few cases, I think. This, I think, bears on that very important question referred to by Mr. Wilson in his memorandum reciting the difficulty of suppressing smuggling because of vessels coming on the excuse that they require repairs or stress of weather as the reason for entering the harbour.

Hon. Mr. BENNETT: There are a number of telegrams from the Collector of Customs at Halifax asking what he should do when a ship went out to the West Indies and came back in ballast in nine days.

Mr. WILSON: You will never change the situation until you change the law some way.

Mr. CALDER, *K.C.* (Reading):

Nov. 30, Lunenburg, N.S.

Collect.

R. R. FARROW,
Deputy Minister of Customs and Excise,
Ottawa, Ont.

Owners cargo general Pau permission which has been granted for reconditioning wish permission to transfer thousand cases to schooner Oakleine destined for Nassau. stop. As no two hundred ton schooner available recommend permission be granted under Customs supervision La Have Answer.

WM. DUFF.

Telegram

LUNENBURG, N.S., Dec. 1, 1925.

Collect.

G. W. TAYLOR,
Assistant Deputy Minister of Customs,
Ottawa, Ont.

In view of fact that department gave permission for Ethlyn to transfer her cargo to Kathleen Conrad can see no good reason why part of General Paul's cargo cannot be transferred to Oaklee stop Oaklee is fit to proceed to Nassau with cargo recommend that permission be granted. Answer.

(Signed) WM DUFF.

Hon. Mr. STEVENS: It is on that point I searched the register and the *Oaklee* is a 69-ton vessel.

Hon. Mr. BENNETT: 67. He said 67-ton ships could not take that liquor to Havana.

Mr. CALDER, K.C. (Reading):

Telegrams

DEPARTMENT OF CUSTOMS AND EXCISE,

OTTAWA, December 1, 1925.

WM. DUFF, Esq.,
Lunenburg, N.S.

Department not disposed to authorize clearance to vessel of 69 tons for Nassau with liquor cargo.

(Signed) G. W. TAYLOR,
Acting Deputy Minister.

Telegram

DEPARTMENT OF CUSTOMS AND EXCISE,
OTTAWA, 2nd December, 1925.

WM. DUFF, M.P.,
Lunenburg, N.S.

From opinion received here schooner Oaklee 69 tons not reasonably capable making voyage to Havana at this season with cargo one thousand cases liquor and consequently clearance not authorized.

(Signed) G. W. TAYLOR,
Acting Deputy Minister.

Telegram

LUNENBURG, N.S., December 3, 1925.

Collect.
GEO. W. TAYLOR,
Acting Deputy Minister,
Customs Excise,
Ottawa, Ont.

Oaklee seaworthy and capable proceeding Havana have investigated matter and am convinced that is intention of owners of cargo to send goods south if she cannot proceed south she certainly could not go any where else this time of year your information therefore not sound and would advise permission be granted.

(Signed) WM. DUFF.

Hon. Mr. STEVENS: Is that a collect telegram?
Hon. Mr. BENNETT: They are all collect.
Mr. CALDER, K.C.: Yes. (Reading):

Telegram

(Date illegible)

Collect.

LUNENBURG, N.S.

GEO. W. TAYLOR,
Assistant Deputy Minister of Customs and Excise,
Ottawa, Ont.

Why does the department refuse permission in case of Oakleigh and granted in case Kathleen Conrad at request of Tory Customs Officer here for one of his Tory friends, answer.

(Signed) WM. DUFF.

Telegram

DEPARTMENT OF CUSTOMS AND EXCISE,
OTTAWA, 3rd December, 1925.

WM. DUFF, M.P.,
Lunenburg, N.S.

Decision of department is to refuse permission to transfer one thousand cases liquor from General Pau to schooner Oakleigh at La Have for clearance to Nassau.

(Signed) G. W. TAYLOR,
Acting Deputy Minister.

Telegram

DEPARTMENT OF CUSTOMS AND EXCISE,
OTTAWA, 4th December, 1925.

WM. DUFF, M.P.,
Lunenburg, N.S.

Permission given collector Lunenburg 19th November ultimo, to allow transfer liquor Kathleen Conrad was conditional on vessel being satisfactory department having no report as to tonnage.

(Signed) G. W. TAYLOR,
Acting Deputy Minister.

Telegram

LUNENBURG, N.S., Dec. 4, 1925.

Collect.
GEO. W. TAYLOR,
Assistant Deputy Minister Customs,
Ottawa, Ontario.

Replying your telegram if Kathleen Conrad satisfactory Oakleigh should also be satisfied in view of fact you granted permission to Conrad you should not refuse it to Oakleigh answer.

(Signed) WM. DUFF.

Telegram

DEPARTMENT OF CUSTOMS AND EXCISE,
OTTAWA, 4th December, 1925.

WM. DUFF, M.P.,
Lunenburg, N.S.

In case of Kathleen Conrad the collector responsible for deciding vessel satisfactory stop if department had known vessel was of small tonnage permit would have been refused.

(Signed) G. W. TAYLOR,
Acting Deputy Minister.

Telegram

LUNENBURG, N.S., December 24, 1925.

R. R. FARROW,
Ottawa, Ontario.

Schooner Arcola here owners want to transfer two thousand cases liquor to schooner Vincent White two hundred tons Arcola leaking not seaworthy stop kindly grant permission to transfer under Customs supervision, rush answer.

(Signed) LUNENBURG OUTFITTING CO.

Telegram

DEPARTMENT OF CUSTOMS AND EXCISE,
OTTAWA, 24th December, 1925.

Collector Customs and Excise,
Lunenburg, N.S.

If you corroborate of Lunenburg Outfitting Company that schooner Arcola at your port in unseaworthy condition allow transfer liquor cargo under Customs supervision to schooner Vincent White two hundred tons

for furtherance provided liquors in transit and not ex-warehouse and latter vessel otherwise satisfactory.

(Signed) R. R. FARROW,
Deputy Minister.

Telegram

OTTAWA, 11th December, 1925.

A. G. WALLACE,
Special Customs Officer,
Dalhousie, N.B.

Referring preventive service customs seizure six two four seven do not place men under arrest until you receive further written instructions.

(Signed) W. F. WILSON.

Telegram

OTTAWA, 15th December, 1925.

J. B. ROBICHAUD, M.P.,
Shippigan, N.B.

Hon. Charles Marcil has been to see me concerning seizure. I have given instructions to withhold prosecution until you have seen me.

(Signed) GEO. H. BOIVIN.

Telegram

OTTAWA, 21st December, 1925.

A. G. WALLACE,
Special Customs Officer,
Dalhousie, N.B.

Under instructions I have telegraphed legal agent Kelly to defer action in Bujold prosecution for two weeks pending further instructions.

(Signed) W. F. WILSON.

Telegram

OTTAWA, 21st December, 1925.

M. A. KELLY,
Barrister Etc.,
Campbellton, N.B.

I am instructed to ask you to defer action in Bujold prosecution for two weeks pending further instructions.

(Signed) W. F. WILSON.

Telegram

CAMPBELLTON, N.B., December 21st, 1925.

Collect.
W. F. WILSON,
Chief Customs-Excise Preventive Service,
Ottawa, Ont.

Witnesses all summoned law provides for only eight days adjournment. answer.

(Signed) M. KELLY.

Telegram

OTTAWA, 22nd December, 1925.

M. A. KELLY,
Barrister Etc.,
Campbellton, N.B.

Telegram twenty first instant received stop am instruction ask you to have Bujold case postponed for eight days.

(Signed) W. F. WILSON.

Telegram

OTTAWA, December 30th, 1925.

A. G. WALLACE,
Special Customs Officer,
Dalhousie, N.B.

Have been directed to telegraph M. A. Kelly to arrange to postpone Dugold prosecution until the first court day after the twelfth January.
(Signed) W. F. WILSON.

Hon. Mr. BENNETT: That case was subsequently disposed of?
Mr. CALDER, K.C.: The next telegram, I think, deals with the Aziz case.
Mr. DOUCET: The Buema case is still in court.

By Mr. Calder, K.C.:

Q. Is the Buema case out of the way?
Mr. WILSON: I am not sure that case was not dismissed.
Hon. Mr. BENNETT: The appeal was allowed. When we were dealing with it before the case was still in court.
Mr. WILSON: I shall have to look up the file.
Mr. CALDER, K.C.: The next file of telegrams refers to Preventive Service file 14538 relating to the schooner *Rising Sun* and Mr. Wilson puts a note that the file is at present before the Special Parliamentary Committee. (Reading).

Telegram

CHATHAM, N.B., October 2nd, 1925.

Collect.

W. F. WILSON,
Chief Preventive Service,
Ottawa, Ontario.

Schooner *Rising Sun* hovered in Buctouche harbour two days sub collector Legere says he sent for captain who left vessel in harbour then asked for clearance Legere told him to go to Nassau for clearance all facts given to Officer Young who will question crew Rideout endeavouring to get additional proof that vessel was at Cocagne Sunday see my seizure reports of first instand and additional report with copy of clearance from Canso, N.S.

(Signed) G. P. STEWART.

Telegram

NORTH SYDNEY, October 2nd, 1925.

Collect.
W. F. WILSON,
Chief, Customs Excise Preventive Service,
Ottawa, Ont.

Schooner Rising Sun cleared Charlottetown twenty sixth ultimo for Nassau seven hundred seventy cases liquor. stop was Cocagne twenty-seventh stays in Buctouche harbour until twenty-ninth did not report to Customs. stop. Arrived Canso yesterday empty. stop. Have detained her stop advisable send Bourinot have sworn affidavits crew reply.

(Signed) ANGUS YOUNG.

Telegram

OTTAWA, October 2nd, 1925.

G. P. STEWART,
Special Customs Officer,
Chatham, N.B.

If you can obtain affidavits that schooner Rising Sun was hovering within three mile limit at Cocagne Buctouche or elsewhere obtain same at once setting out all facts clearly and report.

(Signed) W. F. WILSON.

Telegram

OTTAWA, 2nd October, 1925.

ANGUS YOUNG,
North Sydney, N.S.

Have Bourinot proceed Canso immediately and obtain affidavit of crew of Rising Sun. stop Hold vessel under detention.

(Signed) WILSON.

Telegram

HALIFAX, N.S., October 10th, 1925.

Collect.
R. R. FARROW,
Deputy Minister of Customs and Excise,
Ottawa, Ont.

Hold departmental at request W. J. O'Hearn K.C. you kindly defer decision in case schooner Buema stop. Delay due until arrival Ottawa Mr. O'Hearn next week. illness stop. Please confirm.

(Signed) R. E. FINN.

Hon. Mr. STEVENS: What is that one?
Mr. CALDER, K.C.: It was at the request of Mr. O'Hearn.
Hon. Mr. STEVENS: You will find these two elucidate that somewhat.

By Mr. Calder, K.C.:

Q. Possibly you had better decode this. Do you know Mr. Farrow's code?
Mr. WILSON: No, I do not.
Mr. CALDER, K.C. (reading):

Telegram

LUNENBURG, N.S., December 2nd, 1925.

Collect.
Hon. G. H. BOIVIN,
Minister of Customs and Excise,
Ottawa, Ont.

Referring my letter to you regarding schooner Buema Mr. O'Hearn later Attorney General of Nova Scotia informs me there is no real evidence that this schooner was inside the three mile limit when she was seized and he urges she be released will appreciate it if you could arrange this.

(Signed) WM. DUFF.

Telegram

OTTAWA, 4th December, 1925.

WM. DUFF, Esq., M.P.,
Lunenburg, N.S.

Decision schooner Buema will be deferred until I receive reply to letter written to Mr. O'Hearn to-day.

(Signed) GEO. H. BOIVIN.

Hon. Mr. BENNETT: The letter to Mr. O'Hearn, former Attorney General does not seem to have been on the file.
Mr. CALDER, K.C.: No, it was not there.
Hon. Mr. STEVENS: I have not seen it.
Mr. CALDER, K.C.: (Reading):

Telegram

OTTAWA, October 23rd, 1925.

ANGUS YOUNG,
Special Customs Officer,
North Sydney, N.S.

Instruct Collector Customs-Excise at Canso to release Rising Sun and report your action.

(Signed) W. F. WILSON.

Telegram

LUNENBURG, N.S., October 23rd, 1925.

Collect.
R. R. FARROW,
Deputy Minister of Customs and Excise,
Ottawa, Ont.

Telegraphed Minister few days ago about detention of Rising Sun at Canso my information that vessel has not committed any breach of the Customs or Excise law am told this morning she is to be sold at auction telegraph me full particulars as to why she is held answer.

(Signed) WM. DUFF.

DEPARTMENT OF CUSTOMS AND EXCISE,

OTTAWA, 23rd October, 1925.

WILLIAM DUFF,
Lunenburg, N.S.

Instructions are being sent to release schooner Rising Sun from detention.

R. R. FARROW,
Deputy Minister.

OTTAWA, October 26th, 1925.

ANGUS YOUNG,
Special Customs Officer,
North Sydney, N.S.

Keep watchman on Rising Sun until some one arrives to take delivery.

W. F. WILSON.

NORTH SYDNEY, N.S.,

OCTOBER 26th, 1925.

W. F. WILSON,
Chief Customs-Excise Preventive Service,
Ottawa, Ont.

Rising Sun Collector Canso wires no one to take delivery. Will watchman be discharged?

ANGUS YOUNG.

HALIFAX, N.S., October 28th, 1925.

R. R. FARROW,
Ottawa, Ont.

Would you please wire me reason for detaining schooner Rising Sun at Canso and whether she can be released pending inquiry and on what terms. Am acting for owner.

W. J. O'HEARN.

OTTAWA, October 29th, 1925.

W. J. O'HEARN,
Halifax, N.S.

Telegraphic instructions sent twenty-third to release Rising Sun and Collector Customs Canso advised me twenty-sixth through Young no one to take delivery. Collector is only waiting for some one responsible to take delivery.

W. F. WILSON.

Mr. CALDER, K.C.: The next pile of telegrams bears the following notation:—

The Preventive Service file,—No. 13662, respecting the prosecution of Moses Aziz under Preventive Service-Customs seizure No. 6099 was sent to the Committee on the 25th March, 1926.

(Reads telegrams):

BATHURST, N.B., October 1st, 1925

Hon. GEO. BOIVIN,
Personal or forward Ottawa, Ont.

Please refer my recent communications *re* Aziz. Most important that matter be settled according to my wishes. Preventive Service has commanded commitment to be effective at once. Rush action and wire me.

J. G. ROBICHAUD.

OTTAWA, October 1st, 1925.

J. G. ROBICHAUD, Esq., M.P.
Shippigan, N.B.

Honourable Mr. Boivin out of town. Instructions already sent to stay execution of warrant.

WILLIAM IDE,
Private Secretary.

The CHAIRMAN: That has been read before.

Mr. CALDER, K.C.: The next bunch of telegrams I will read, has attached to them the following notation:

The Preventive Service file respecting James Gomm—No. 14394—Preventive Service Excise seizure No. 6083—was sent to the Special Parliamentary Committee on the 27th May, 1926.

(Reads telegrams):

OTTAWA, October 28th, 1925.

JOHN COYLE,
Customs-Excise Enforcement Officer,
Charlottetown, P.E.I.

Did you receive letter mailed 21st. Have you released Gomm's horse and buggy, and when.

W. F. WILSON.

SUMMERSIDE, P.E.I., October 27th, 1925.

GEO. H. BOIVIN,
Minister of Customs, Ottawa, Ont.

Your neglect to return horse and carriage James Gomm doing me much harm. Will you wire Department Charlottetown return this horse and carriage immediately.

A. L. MCLEAN,

By Hon. Mr. Bennett:

Q. What happened to that horse and carriage? My memory is not good enough to recall what happened to it.

Mr. CALDER, K.C.: I do not think that came up when I was here.

By Hon. Mr. Bennett:

Q. Mr. Wilson, will you tell us about that briefly?

Mr. WILSON: I think that horse and carriage were released on a deposit of $50.

Q. What was the ultimate disposal of the matter?

By Hon. Mr. Stevens:

Q. Will you tell us briefly why it was seized?—A. It is an excise seizure.

Q. This horse and carriage was used in the conveyance of liquor that had not paid the excise; is that it?—A. Yes sir. On the 28th of September, 1925, I telegraphed to Customs Officer Coyle at Charlottetown, to release the horse, harness, buggy and robe, seized from James Gomm, on the deposit of $50, pending decision.

By Hon. Mr. Bennett:

Q. Was that sent in consequence of the telegram that came from Mr. McLean?—A. It was sent in consequence of a memorandum addressed to myself, Chief of the Customs-Preventive Service, on the 28th of September, 1925. I replied that the horse, harness, buggy, and robe could be released on the deposit of $50, pending decision after full investigation.

Hon. M. STEVENS: It seems clear that these telegrams had the effect they were intended to have.

By Mr. Calder, K.C.:

Q. What was the ultimate disposal of it? While Mr. Wilson is looking up that information, I will read the telegram of October 28, 1925. (Reads):

OTTAWA, 28th October, 1925.

A. E. MCLEAN, Esq.,
Summerside, P.E.I.

Minister out of town but instructions *re* release horse and carriage sent 21st.

W. IDE,
Private Secretary.

By Hon. Mr. Bennett:

Q. That was a rubber stamp direction to you, was it not?

Mr. BLAIR: No, sir, it has an actual signature.

Q. Mr. Ide says that the Minister is out of town.

Mr. CALDER, K.C.: The memorandum is to Mr. Farrow.

Q. Was a deposit made?

Mr. WILSON: No, there was a prosecution pending against Gomm, which was dismissed. The Assistant Deputy Minister wrote to the Preventive Service on the 20th of October, as follows: "It is noted by Officer Coyle's report of the 14th inst. that the Justices disagreed and dismissed this case. Under the circumstances, you will instruct the release from seizure of the horse, harness, buggy and robe seized."

By the Chairman:

Q. That is a judgment of the court?—A. That is Excise Seizure No. 6083.

Mr. DOUCET: There seems to have been something loose. This horse and carriage were seized from the man himself, for carrying a large quantity of illicit bottled liquor. It seems to me that if proper steps had been taken by those in charge, to have proper evidence placed before the court, the case could not have been dismissed.

Hon. Mr. BENNETT: The judges disagreed, and the case was dismissed.

Mr. DOUCET: On account of improper evidence. I am not discussing the judgment, but the means taken to bring the case to trial.

Hon. Mr. STEVENS: The modus operandi.

By Hon. Mr. Bennett:

Q. Was the Department represented at the proceedings?

Mr. WILSON: It would appear that the officers conducted the prosecution themselves. They were assisted by Mr. Barber, who is a very competent officer of the Prince Edward Island prohibition forces.

Q. The evidence was taken before two Justices of the Peace?—A. Yes.

Q. One of them thought one thing, and the other thought the other. The facts are: the report indicates that a number of bottles of liquor were found in the wagon or buggy being driven by Gomm; is not that so?—A. The seizure report says that the information was got from Mr. Barber, who wired to me for instructions. This information which I have does not answer your question.

By Mr. Doucet:

Q. You said Mr. Barber was a very efficient officer of the Prince Edward Island prohibition force?—A. I think he is, sir.

Q. He was one of the officers at one time?—A. Without salary.

Q. And, even without salary, he was dismissed?—A. His appointment was cancelled.

Q. For what reason?—A. That I can not tell you, sir; I do not know.

Q. For being too efficient?—A. I was given no reason for his appointment being cancelled.

The CHAIRMAN: Perhaps he was tired of working for nothing.

Mr. DOUCET: He protested against his dismissal.

By Hon. Mr. Bennett:

Q. The Department appointed Mr. Barber to represent the Prohibition forces in Prince Edward Island, as one of its officers, so that he might be able to represent both the Provincial and Federal authorities. That is the position? —A. Yes sir.

Q. And did he bring about a large number of convictions? I have noticed in some of the files that were put in some weeks ago, that he had a large number of convictions?—A. He had a considerable number of cases.

Q. And complaints were made by politicians as to Mr. Barber's efficiency, and they struck off his appointment?—A. I have no knowledge of that, sir.

Q. I think I have seen that information on the file?—A. I do not recollect seeing that on the file.

Q. Saying he was making trouble down there?—A. I do not recall that.

By Hon. Mr. Stevens:

Q. The fact is that he was removed?—A. Yes, he was removed. I was given no reason for his removal.

Mr. DOUCET: As a matter of fact, Mr. Barber secured more convictions in Prince Edward Island than all the rest of the staff in three years.

The CHAIRMAN: We have no evidence of that.

Mr. DOUCET: It is there on the file.

The CHAIRMAN: A judgment was rendered.

Hon. Mr. BENNETT: One of the justices thought one thing, and the other another—like this Committee—and there was no judgment.

Mr. CALDER, K.C.: The next pile of telegrams has attached to it the following notation:

> Preventive Service file 14199, respecting the seizure of a motor boat and certain liquor from Alexander Bonner, Florence, N.S., was transferred to the Special Parliamentary Committee on the 27th May, 1926. (Reads following telegrams):
>
> NORTH SYDNEY, N.S.,
> OCTOBER 12th, 1925.
>
> Hon. G. H. BOIVIN,
> Minister of Customs, Ottawa, Ont.
>
> Can a vessel engaged in rum running operating off coast make harbour in bad weather and again clear Nassau after clearing from North Sydney. Try make agreeable findings.
>
> F. L. KELLY,
> NORTH SYDNEY, N.S.,
> OCTOBER 16th, 1925.
>
> Hon. G. H. BOIVIN,
> Minister of Customs,
> Ottawa.
>
> Please dispose of case Alex. J. Bonner and arrange to have his boat returned at once.
>
> F. L. KELLY,
> NORTH SYDNEY, N.S., October 20, 1925.
>
> Hon. G. H. BOIVIN,
> Minister of Customs,
> Ottawa, Ont.
>
> Please make finding and agreeably case of small launch belonging Alexander John Bonner. Act promptly.
>
> F. L. KELLY.
> OTTAWA, October 22, 1825.
>
> F. L. KELLY, Esq., M.P.,
> North Sydney, N.S.
>
> Minister out of town. Will bring to his attention at earliest possible moment matters referred to in your several communications.
>
> W. IDE,
> *Private Secretary.*

Mr. CALDER, K.C.: The next telegram has attached to it the following notation:—

Preventive Service File No. 14232 respecting the seizure of ten kegs rum and one McLaughlin automobile from Fred Cleary, North Sydney, N.S.—Preventive Service Customs Seizure No. 6046—was transferred to the Special Parliamentary Committee on the 27th May, 1926.

(Reads telegram):

NORTH SYDNEY, N.S., October 27, 1925.

Hon. G. H. BOIVIN,
Minister of Customs,
Ottawa.

Please arrange finding case Fred Cleary at once. Evidence asked for in your possession.

F. L. KELLY.

Hon. Mr. STEVENS: Here is a telegram from the Nova Scotia Sea Fisheries Association. You had better read that.

Mr. CALDER, K.C. (Reads telegram):

YARMOUTH, N.S., July 31, 1925.

Hon. JACQUES BUREAU,
Minister of Customs,
Ottawa.

A seizure of liquors was made here this morning by Customs officials, the second within a few days. Illegal liquor traffic along this section of coast has done much in wrecking our fishing industry. The Nova Scotia Sea Fisheries Association has gone on record as strenuously opposing such traffic and urges that all offenders be dealt with as law directs and without favour.

NOVA SCOTIA SEA FISHERIES ASSOCIATION,

G. H. LANGTRY, *Secretary.*

Mr. CALDER, K.C. (Reads telegrams):

OTTAWA, August 19, 1925.

F. L. KELLY, Esq., M.P.,
North Sydney, N.S.

Minister absent. Pending decision instructions given to release schooner *Ambition* on deposit of one thousand dollars plus expenses.

W. IDE,
Private Secretary.

OTTAWA, 22nd August, 1925.

F. L. KELLY, Esq., M.P.,
North Sydney, Nova Scotia.

Your wire twentieth. Deposit asked for pending decision. Matter will receive Minister's careful consideration when documents complete.

W. IDE,
Private Secretary.

OTTAWA, 26th September, 1925.

F. L. KELLY, Esq., M.P.,
North Sydney, C.B.

Instructions have been given for release of schooner Ambition pending decision, on deposit of one hundred dollars plus expenses.

GEO. H. BOIVIN.

OTTAWA, September 26, 1925.

Hon. J. J. JOHNSTON,
Charlottetown, P.E.I.

Collector at Charlottetown has been instructed to release schooner Ambition from seizure upon deposit of one hundred dollars and all expenses of seizure and subsequent keep.

R. R. FARROW,
Deputy Minister.

Hon. Mr. BENNETT: Would you mind asking what that shipment was?

By Mr. Calder, K.C.:

Q. Mr. Wilson, do you know anything about that seizure?—A. No.

Hon. Mr. BENNETT: I just want to know the value of the shipment.

By Mr. Calder, K.C:

Q. Do you know the value of that shipment?—A. No, I do not, I can get the record from the Department.

Hon. Mr. STEVENS: The original amount was $1,000, apparently at the request of Mr. Johnston, or on representations made by Mr. Johnston, the amount fixed for release was reduced by the Minister to $100. That is shown in the telegrams. I do not know the size of the vessel.

By Mr. Calder, K.C.:

Q. Is she registered?

Mr. DOUCET: The Ambition is 127 ton, registered at Lunenburg, N.S., owned by Angus Carmichael, of St. Anns, N.S., and is referred to in Lloyd's at pages 32 and 33 of the section entitled "Ship Owners," and her description is found in the supplement entitled "Sailing Vessels."

Hon. Mr. BENNETT: That is in alphabetical order.

Mr. DOUCET: Yes; the official number is 00218.

Mr. CALDER, K.C.: I am now reading into the record telegram which deals with the Menard car. (Reads telegram):

OTTAWA, 30th September, 1925.

P. E. BOIVIN, Esq.,

Granby, Que.

Will reach Montreal eight-thirty this evening and remain at Windsor until eleven. Tell Menard he can get car when he likes.

GEO. H. BOIVIN.

Mr. CALDER, K.C.: I will read a file of telegrams as follows:

QUEBEC, September 16th, 1925.

R. R. FARROW,
Deputy Minister of Customs,
Ottawa, Ont.

Your Department has laid a complaint against Edmond Houle of St. Narcisse, Champlain County, for failure to affix revenue stamp to receipt. Will you kindly give instructions that matter be held in abeyance for present pending representations by interested parties.

LUCIEN CANNON.

OTTAWA, September 17th, 1925.

LUCIEN CANNON, M.P.,
Quebec, P.Q.

Re your wire sixteenth instant Edmund Houle instructions have been issued to solicitor to defer action.

R. R. FARROW,
Deputy Minister, Customs and Excise.
OTTAWA, September 17th, 1925.

A. LEFEBVRE, Esq.,
Barrister, etc.,
Grand'Mere, P.Q.

Re Edmund Houle, St. Narcisse, Quebec. Pleace defer action until otherwise advised.

R. R. FARROW,
Deputy Minister, Customs and Excise.

The CHAIRMAN: Can you tell us anything about that?

By Mr. Calder, K.C.:

Q. This refers to a man in St. Narcisse who was prosecuted for not attaching a revenue stamp?

Mr. WILSON: No, I would have to look at the file.

Mr. CALDER, K.C.: Mr. Taylor, will you listen to these three telegrams, and if you cannot give us information in regard to them now, you might note them for this afternoon. (Reads telegrams).

DEPARTMENT OF CUSTOMS AND EXCISE.
OTTAWA, 18th December, 1925.

COLLECTOR OF CUSTOMS AND EXCISE,
North Sydney, N.S.

Reported here you are refusing furtherance to destination of shipment of liquor *re* vessel *Louten-Bay* from St. Pierre consigned to Dominion Distillery Products Limited, Montreal. Wire reason for action stating whether goods in bulk or case, and whether certificate of age produced.

GEO W. TAYLOR.

OTTAWA, December 19th, 1925.

COLLECTOR OF CUSTOMS AND EXCISE,
North Sydney, N.S.

Answering your wire 18th inst. You may as special case and not to be regarded as importation or admission to entry into Canada allow liquors from St. Pierre in vessel for Dominion Distillery Products Limited, Montreal, to be unladen from vessel and placed in King's warehouse, or if insufficient room there to be kept in some secure place appointed by you for such purpose, there to be kept at the risk and charge of the owner, pending further instructions.

GEO. W. TAYLOR,
Assistant Deputy Minister.

By Mr. Calder, K.C.:

Q. Will you give the Committee such explanation as you can about this?

By Hon. Mr. Stevens:

Q. Mr. Taylor, in regard to that last telegram, signed by yourself. (Copy of telegram handed to Mr. Taylor.) In that telegram you say, "You may as special case and not to be regarded as importation or admission to entry into Canada allow liquors from St. Pierre in vessel for Dominion Distillery Products

Limited, Montreal, to be unladen from vessel and placed in King's warehouse, or if insufficient room there to be kept in some secure place appointed by you for such purpose, there to be kept at the risk and charge of the owner, pending further instructions." Now, why did you make a special case of this?—A. The reimportation of liquor, of course, is permitted by the regulations.

Q. What regulation, Mr. Taylor?—A. Circular 327-C. I cannot give you the reason for this special permission without looking at the file.

Q. This was not placed in a bonded warehouse, was it?—A. I don't know as to that.

Q. Now, Mr. Taylor, it is considered, if I am not entirely mistaken, a very important thing that liquor brought into the country, presumably in bond, should be put in a bonded warehouse, specially licensed or a bond specially granted or provided; that is correct, is it not?—A. Yes.

Q. In regard to liquor on which the duty has not been paid; now, in this case, would you mind indicating under what part of that regulation you acted? —A. It is very difficult, Mr. Stevens, to deal with a case without having a file. The reimportation of liquor is covered by——

Q. This is not reimportation as I see it. In the wire you say "reported here you are refusing furtherance to destination of shipment of liquor ex-vessel 'Luten Bay' from St. Pierre consigned to Dominion Distillery Products, Montreal."—A. It might be reimportation even notwithstanding that. The collector was refusing furtherance probably in the absence of knowledge of this particular circular that permits reimportation.

Q. Was he not properly discharging his duty in refusing to order the liquor that had not paid duty into a warehouse that was not a bonded warehouse?—A. As I say, I would like to see the file. I am talking in the dark; if I had the file here I could probably give you the reason for it.

You cannot indicate the regulation that covers this case; the clause that covers this case.

Q. The clause, Mr. Taylor, that you refer to is Clause 33 on page 6, of circular number 327C. I will read it:

> 32. In addition to the regulations herein established, the warehousing and ex-warehousing of tobacco and cigars, shall be further governed by the terms of the "Tobacco and Cigar Regulations" established under the authority of the Inland Revenue Act.
>
> 33. Goods, wares and merchandise, the growth, produce or manufacture of Canada, being subject to Excise duty, exported to any country beyond the limits of Canada and brought back into Canada in the same condition as when exported and in the original packages and upon which no drawback or bounty has been allowed; may be reimported into Canada free of Excise duty; provided that the property in such goods continues in the same person or persons by whom they were exported and that such reimportation takes place within three years of the date of the exportation and that the identity of the said goods be established to the satisfaction of the Department of Customs and Excise and all other regulations be complied with which may be prescribed in regard to such importation by the proper department; and further that such goods, ware and merchandise on reimportation shall be warehoused subject to the Excise duties to which they would have been liable had they not been exported from Canada.

That means these goods, when they were exported from Canada were strictly in bond.—A. It may be that these goods are being reimported. That is only an assumption; I do not know that is the case.

Q. If they were not being reimported they would be all the more strictly bonded?—A. Yes.

Q. I was going to say these goods prior to export were strictly bonded goods?—A. Yes.

Q. Therefore, when they are reimported under this regulation they are going into the strongest of bonding control?—A. Yes, but there is the question of a certificate of age. If these goods were not accompanied by a certificate of age we would not permit importation and it was probably for that reason—I am just theorizing—probably for that reason they were held at North Sydney.

Q. Will you look up for us, and tell us, your authority for sending instructions that these goods could be reimported and not be regarded as importation? —A. Yes, what is the date of that?

Q. It is there. Mr. Taylor, some time ago the Committee had certain witnesses before them and they took a pretty strong stand in regard to the furnishing of liquor to officers in Ottawa from the Customs gauger at Montreal. I want to ask you, has it been the custom or practice rather of officers on the Excise staff in the different distilleries in different sections of the country to forward to Ottawa, or to retain samples of goods and forward the same to Ottawa and to persons other than the analyst, in the form of gifts similar to that practised by Mr. Clerk and Mr. Daigle in Montreal as disclosed in the evidence?—A. Never to my knowledge.

Q. You are quite clear on that?—A. Yes, sir, absolutely.

Q. It is put upon me as a duty in fairness to the Customs branch to put the question to you. You have no knowledge of it?—A. No knowledge.

The CHAIRMAN: The witnesses summoned, J. Perkins, H. Cohen, Miss G. M. D'Entremont, H. Sloggett, H. Brown, Henry Day, George Hollinger, Harry Hollinger and Miss Bernstein, should be here at four o'clock this afternoon.

Witnesses retired.

The Committee adjourned until 4 p.m.

AFTERNOON SITTING

The Committee resumed at 4.00 P.M., the Chairman, Mr. Mercier, presiding.

Mr. CALDER, K.C.: Mr. Chairman, I wish to put in a memorandum supplementary to the report on Rock Island, received from Mr. L. C. Todd, and transmitted by Mr. Nash, which reads as follows:

CUSTOMS ENQUIRY

10th June, 1926.

MEMORANDUM FOR CLARKSON, GORDON AND DILWORTH

I returned from Rock Island last night and have to report finally as follows:

Re W. M. PIKE & SON
(Standard Manufacturing Co)

W. F. Pike refused to permit me to take an inventory of the goods in his United States warehouse, stating that the Committee had not called upon him to do this. Finally, upon receipt of a telegram from Mr. Nash he did permit me to take the inventory but since practically all of the goods he has passed through Customs have been in broken lots and all the goods in his warehouse are in broken lots. I asked Mr. Pike to produce invoices and assist me in tracing the goods into their original lots. He gave me a few invoices claiming these were all he had and refused any further assistance. The invoices he gave me have apparently not been produced to us before since they do not bear any auditors' stamp. I have not been able to value the inventory through lack of information.

He has not been on the Canadian side of the line or at his store at any time since my return to Rock Island last Saturday.

Re TELFORD BROTHERS GARMENT COMPANY

Mr. S. B. Telford not being in a condition to attend to business owing to illness, I obtained instructions from Mrs. S. B. Telford to effect entrance into Mr. S. B. Telford's United States warehouse on Saturday night and made an inventory of the goods found there. In the absence of relative invoices I have not been able to place a definite value upon the goods but I would estimate the value at not more than $1,000.

Re RELIABLE GARMENTS LIMITED

Mr. Sandilands who appeared before the Committee last week could not be induced to give inspection of the goods in his United States warehouse until Monday morning, 7th June. While the taking of the inventory was in progress, someone drove up to the warehouse and gave a message to Mr. Sandilands, which he stated to me was from his Attorney advising him not to let me take the inventory. Sandilands insisted upon stopping the work, and I was not able to induce him to let me finish the inventory until late that afternoon.

Since then I have seen him on two occasions and have endeavoured to get in touch with him on a number of other occasions, but have found that he is not in condition to do business, apparently through worry over his financial position and his position in this inquiry.

The value of the goods in his United States warehouse would not exceed $3,000.

Re NATIONAL BANK OF DERBY LINE

I saw Mr. Davis, President of the National Bank of Derby Line on Saturday morning last with the several customers of whose accounts we wished to obtain copies. I had Mr. Sandilands of Reliable Garments, Limited, Mr. Boivert of the Rock Island Overall Company, Walter Gilmore of James A. Gilmore & Company, and Mr. W. F. Pike attend at the bank with me and make their requests for copies of their accounts in my presence.

Mr. Davis stated that he could not deal with the matter at the time but would communicate his reply later and promised to telephone me. After several discussions Mr. Davis stated that he would not give an answer until he had consulted the members of the Board, one of whom is away, and is not expected to return until the end of this week. Mr. Davis stated that his attitude in the matter was prompted to some extent by the fact that proceedings against his bank had been mentioned by the Committee and furthermore that material was required which he would not in any event produce. This was with particular reference to the Draft Register and deposit slips.

Re JAMES A. GILMORE & COMPANY

On the seventh instant, I went to Walter Gilmore's house on the United States side and checked off and corrected an inventory of his radio stock, which he had prepared. I then arranged with him that he should get out a complete statement of sales and should also get all his invoices together. I telephoned to him several times later in the day and on the following day when he stated that the work was not completed, but that he wanted to see me. When I went over he gave me some ledger sheets with the statement that they represented their business on the Canadian side. When I inquired for the cash book relating to the Radio business they stated that all the related cash entries would appear in the books covering their ordinary operations in the manufacture of overalls.

I then asked for the inventory which I had checked and was told by Walter Gilmore that it did not exist so far as I was concerned, and that they did not intend to give any information relating to their United States business.

Re ROCK ISLAND OVERALL COMPANY

Upon the examination of this company's books some time ago we obtained inspection of statements from the National Bank of Derby Line, for the year 1925, with the cancelled cheques. I was shown these statements and cancelled cheques in the office of the Rock Island Company but they refused to deliver them to me.

Re TELFORD & COMPANY

I endeavoured on a number of occasions to find Mr. Chapman but without success. His office and factory reported that he was out of town. During all of this week his office has been entirely closed, although the factory operations are apparently proceeding as usual with upwards of twenty people at work.

It is reported that Mr. Chapman is remaining at his house in Derby Line, Vt.

Re ED. SEGUIN

I received information to the effect that one, A. Bouchard, has been working for Ed. Seguin for about two years, and that he can give information as to Seguin's business. Bouchard resides in Rock Island, and he was pointed out to me yesterday while at work carting.

Re SNAG PROOF LIMITED

Mr. Turner advised that he would obtain copies of his accounts with the Orleans Trust Company, of Newport, Vt., and with the National Bank of Newport. We have received copy of his account with the Orleans Trust Company which shows that it was closed 15th May, 1924. Copy of his account with the National Bank of Newport, Vt. was received by us this morning.

Mr. Turner advises that he has neither cheque stubs nor cancelled cheques covering either of these accounts.

Re PERFECTO MANUFACTURING COMPANY

We have still to obtain from Mr. Pocock copy of his account with the Orleans Trust Company of Newport, Vt. Mr. Pocock has promised to mail this to us and is endeavouring to produce related invoices either from his own records or from concerns from whom the goods were purchased.

Re JENKINS LIMITED

While engaged upon the inspection of the goods in S. B. Telford's United States warehouse, I went into the upstair part of the building and learned that it was used by Jenkins Limited as a warehouse. The contents of this upstair portion were almost entirely prison-made garments.

Re PRISON-MADE GARMENTS AND SHIPMENTS TO NEW ENGLAND APPAREL CO. AND C. O. MAROIS

From examination of the incoming freight records at the Derby Line Freight Station subsequent to March 31, the date to which information was abstracted for the purpose of our report it is shown that further shipments from Knicko Garment Company and Reliance Manufacturing Company have been received, consigned to Gilmore Brothers and New England Apparel Company; and yesterday I noticed a large truck load of cases leaving the station, all of the goods being consigned to C. O. Marois and New England Apparel Company.

Re CONTINUANCE OF OPERATIONS

It is significant that notwithstanding the absence of Mr. Jenkins of Jenkins Limited, Mr. Chapman of Telford & Chapman, and Mr. S. B. Telford of the Telford Brothers Garment Company, the operations of the three concerns mentioned are continuing without any apparent interruption.

Respectfully submitted,

(Signed) L. C. TODD."

Hon. Mr. STEVENS: It looks to me as if there was a conspiracy among this group to resist, in every possible way, the furnishing of vital information to this Committee.

Mr. BELL: Certainly, if we feel called upon to institute criminal prosecution, they will have only themselves to blame.

Mr. CALDER, K.C.: There is also this memorandum in reference to Reliable Garments Limited, reading as follows:—

CUSTOMS INQUIRY

OTTAWA, 9th June, 1926.

MEMORANDUM FOR MR. CALDER

Re Reliable Garments Limited

We have now heard from the Beacon Manufacturing Company of Providence, R.I., that the figures given by us in our Tenth Interim Report in connection with the accounts of the above company *were correct*, after allowing for the item of $9,283.85 in the year 1925, about which we stated in our report there was some doubt.

CLARKSON, GORDON & DILWORTH.

Hon. Mr. STEVEN:: That is verification of the information you previously received, from the Beacon Company, Mr. Nash?

Mr. NASH: Yes, the information we gave in our report was correct; and this verifies it.

Mr. CALDER, K.C.: I do not propose to read the Twelfth Interim Report in regard to matters that are non-contentious, but will deal with the Alco Dress Company, Limited, the Earle Company, and the European Silk Company; they are contentious matters, and I propose to call the witnesses to deal with those firms.

Hon. Mr. STEVENS: In order to shorten this as far as we can; I gather from the report that as far as the Alco Dress Company, Limited, is concerned, it is virtually clear, with the exception that there is some unexplained connection between it and the O. B. Earle Company.

Mr. CALDER, K.C.: Yes. I will call Mr. Perkins.

Mr. H. M. DALY: I am appearing on behalf of the Alco Dress Company. I wish to state that Mr. Perkins is in New York, getting information on the contentious part. We were not able to get in touch with him until this morning. I do not think there is anything in the report that is not explainable.

Mr. CALDER, K.C.: Can Mr. Perkins be here to-morrow?

Mr. DALY: We located him in New York. He has managed to get enough information to clear up most of the things. I am very anxious he should be able to get the rest of it.

Mr. CALDER, K.C.: He can have until to-morrow night to appear before the Committee. If it is a question of closing up, we will stay until to-morrow night.

The CHAIRMAN: Yes.

Mr. CALDER, K.C.: We will postpone any consideration of the Alco Dress Company until to-morrow.

HAROLD SLOGGETT, called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Sloggett, what are you in the European Silk Company now?—A. Partner.

Q. Who are the partners?—A. Mr. Brown and myself.

Q. When was the partnership established?—A. About three years ago.

Q. Where were you employed previous to the forming of the partnership? —A. Silks, Limited.

Q. Why did you leave that position?—A. We did not agree.

Q. Would it be asking too much to ask what the disagreement was over? —A. I think that is quite enough information; I just wish to say we did not agree.

Q. Where are the books prior to 1925?—A. In the year 1924, we paid tax on the selling price of the merchandise, whereas it should have been paid on the cost price. At the end of the year 1924, Mr. Brown was taking the books home to figure up the cost, so we would get a rebate back from the Government; on the way home, he stopped off and these books were stolen from his car.

Q. Can you give any reason, in the world, why somebody should steal books of accounts?—A. This particular night was Christmas Eve, and there were other parcels missing at the same time.

Q. Were the books wrapped up?—A. Yes.

Hon. Mr. STEVENS: What company is this?

Mr. CALDER, K.C.: The European Silk Company.

By Mr. Calder, K.C.:

Q. That was Christmas Eve, 1924?—A. Yes.

Q. What about the books for the last week of 1924?—A. Our year commenced December 1, 1925.

Q. Your year commenced on the 1st of December, 1925?—A. Yes, December 1, 1924.

Q. Those are books made up from December 1, 1924?—A. Yes.

Q. Are they available?—A. The 1924 books are available.

Q. From the 1st of December, 1924?—A. Yes.

Q. Did he also take with him the financial statement, inventories, and correspondence file?—A. We have no financial statement.

Q. What about the inventories?—A. We took it at the time, approximately.

Q. Where are they?—A. We have not got them; we never keep them.

Q. Well, I hope you kept your correspondence?—A. Correspondence in connection with the firm?

Q. Yes, for the year 1924, and previous years?—A. We have the correspondence, yes.

Q. You have the correspondence for 1924?—A. I presume they are there.

Q. Why did not you produce that to the auditors, and the correspondence for 1925?—A. To the best of my knowledge, all the correspondence is there for 1925.

Q. From the 1st of December, 1924, to the 1st of December, 1925?—A. Yes.

Q. Why was not that correspondence produced to the auditors?—A. The auditors did see it.

Q. I am instructed by them that they did not?—A. Well, we showed them; they had our letters and correspondence.

Q. I am instructed by the auditor—this is the auditor sitting beside me; you remember him?—A. Yes, he was there.

Q. He informs me that the only correspondence shown to him was to the 1st of December, 1925; nothing further back?—A. I am positive there is 1925 correspondence there.

Q. In the filing cases?—A. Yes. I don't think this gentleman saw them; I think it was the other accountant, Mr. Wilson.

Q. The instruction I now have is that Mr. Wilson did not see that correspondence either?—A. Well, to the best of my knowledge, they are there.

Q. When you were asked for your income tax returns, instead of the financial statement which you did not have, why did you refuse to produce it?—A. I have not got it.

Q. You did not state that to the auditors; you stated that you would not produce it. Did you tell the auditors that you would not produce it?—A. I told him at first that we didn't have it, and they wanted to get it from the Dominion Income Tax.

Q. Did you have a separate set of books to record the cash purchases and sales?—A. No.

Q. Did you keep a Cash Book?—A. No.

Q. How do you account for the fact that in the deposit slips there are no currency deposits whatever, just cheques?—A. That is all we put in, was cheques, from the customers.

Q. You never had any cash transactions of any kind?—A. Seldom.

Q. Have you a private bank account?—A. No.

Q. Nowhere?—A. No.

Q. Has Mr. Brown?—A. I think he has; I think so.

Q. When you purchased your car in 1925, a Hudson limousine, how did you pay for it; by cheque?—A. It was paid out of the European Silk Company, by cheque.

Q. How is it that a great number of cheques are missing from your cheque files?—A. Well, it may be a great deal of carelessness, or it may be that we don't consider them after six months. They are not much good to us; although I though they were all there, until I was advised differently.

Q. Did you bring any goods in with you by train, or by motor, from the United States into Canada?—A. Nothing by motor.

Q. By train?—A. Two or three times, by train, which the entries at the Customs will show.

Q. Have you any relatives or friends in the Customs Service at Niagara Falls or Bridgeburg?—A. No.

Q. You are unacquainted, altogether, with the Customs officers at those points?—A. I know of one Customs officer, offhand, by seeing him on the train numerous times when going to New York.

Q. You do not know them to speak to?—A. Only to say "Good-day," or "How-do-you-do."

Q. You do not know them by name?—A. No, I do not know them by name.

(Mr. Calder calls Mr. Brown, who does not respond).

WITNESS: Mr. Brown went out of town on Monday, and he will be back on Saturday.

Q. Will you tell us how it was that your Accounts Receivable Ledger for 1925, and the Sales Invoices became lost while the investigation was pending? —A. Well, at that time, I was out of town. I have been informed by Mr. Brown that copies of this book which is missing has been investigated by the accountants; and Mr. Brown asked this accountant working there, was he through with the book and the copies, and he was informed that he was through with them. Owing to our office being small, this book, and several copies, which are quite a size of bundle, was packed up and placed at the end of the warhouse, wrapped up. Unfortunately we are not aware whether it was taken out by error by the Express Company with other parcels.

Q. What is the likelihood of the Express Company taking an unaddressed parcel, and keeping it out?—A. It can happen, by a label being put on, and so forth.

Q. Do you mean to say the Express Company would take a blank package, put the address on it, and take it out?—A. It has happened with us.

Q. That the Express Company has taken a parcel and addressed it?—A. They will notice it afterwards, and return it.

Q. Have they done it in this case?—A. It has not been returned so far. I am not accusing the Express Company.

Q. Have you gone to the Express Company to find out?—A. We wrote to the Express Company and asked them to trace and see if there was a chance of that being so.

Q. Was it the likelihood of that parcel going through the Express office?— A. I do not think it would go from the Express Company; I think they would return it. I am not positive that peddlers purchasing boxes may not have taken it.

By Mr. Bell:

Q. How long ago is it that you wrote to the Express Company?—A. Personally, I didn't write but Mr. Brown wrote the same day that he knew it was missing.

Q. That does not tell me anything; what was the date approximately?—A. I can't tell you the exact date; it must be two weeks ago anyway.

Q. No response?—A. No response. The Express Company advised they were making enquiries; that is the response.

Q. You have their letter to that effect?—A. There was one by letter, and one by 'phone message.

Q. Have you got the letter with you?—A. No.

Q. You can produce it to us, I suppose?—A. Yes.

By Mr. Calder, K.C.:

Q. So that the loss of the books on Christmas Eve and the loss of the books by placing them in the cellar, all that rests upon Mr. Brown's evidence?—A. Well, the books I had for 1924 were very valuable books. We had a rebate in the neighbourhood of $1,000 from the Government.

Q. It rests on Mr. Brown's direct evidence?—A. Yes.

Q. Mr. Brown is away?—A. Yes, he is away.

By Hon. Mr. Stevens:

Q. I might say to you, Mr. Sloggett, that this story about losing books is a very common one here.—A. I possibly quite agree with you, but that is absolutely no fault of ours.

Q. That is what they all say.—A. I say particularly, in connection with the 1924 books, Mr. Brown was a little under the influence of liquor at that time.

Q. I can understand a book disappearing, but you had vital records.—A. We did not lose them all.

Q. There are no records. You produced nothing that was of any account?—A. Yes, all of 1925 was produced.

By Mr. Bell:

Q. Not having your cheques witness after a six months' period, did you produce to the auditors receipted accounts?—A. No, evidently we never had the cheques of the last six months.

Q. Not having cheques, do you preserve accounts receipted?—A. We consider them all paid.

Q. You do not preserve them, is that the answer; you do not preserve receipted accounts?—A. You mean, keep receipts.

Q. Yes.—A. We have not got them; that is the only receipt, unless the bank has a receipt.

Q. It comes to this, that you did not have receipts for the accounts you paid and at the end of six months you destroyed the cheques?—A. We never destroyed anything.

Q. You would have nothing to show that payments had been made when you destroyed them?—A. We moved a couple of times and evidently they have been lost and we did not consider them of any value; or they became mislaid.

Q. Is it right to say you did not consider them of any value?—A. What?

Q. The cheques?—A. We had cheques for the last six months.

Q. Beyond that?—A. They were all gone.

Q. I wonder you stay in business at all.—A. I do not consider them any particular use after six months being as there is no dispute.

By Hon. Mr. Stevens:

Q. There might be a dispute?—A. Not in this particular business, the transaction being based on thirty days.

Q. There is a question of sales tax and Customs investigation and records should be kept.—A. Our sales tax has been examined.

Q. How do we know; how can we tell?—A. My word can be verified by the Customs.

Q. You cannot verify your word by the records?—A. I can say that they have examined them.

Q. What are your sales annually?—A. Last year?

Q. Yes.—A. In the neighbourhood of $700,000.

Q. You had a business of $700,000 with records in the state you have them? —A. We do it on a cheap scale for the simple reason to keep the overhead down.

Q. It does not cost anything to keep records. What goods do you deal in, silk?—A. Yes.

Q. Where do you purchase mostly?—A. Ninety per cent would be in foreign markets.

Q. Ninety per cent are imported? From where?—A. From France, Switzerland and Japan.

Q. How much would you pay, generally speaking, for these goods?—A. In dollars and cents?

Q. Yes.—A. That varies; that might run from 40 cents a yard.

Q. Never mind by the yard, in toto for the year?—A. How many did we buy in 1925?

Q. Yes.—A. I do not know; I have not got the figures.

Q. It would be half a million dollars' worth?—A. Yes, if we sold $700,000.

Q. Here is half a million dollars coming through the Customs and we have nothing to check it up.—A. We have the invoices in our books showing we paid duty on them.

By the Chairman:

Q. In what city are you doing business?—A. Toronto.

By Mr. Bell:

Q. I am not quite sure whether you told Mr. Calder—if you did, tell me again—what books were in the automobile that were stolen?—A. Credits and sales ledgers.

Q. What else?—A. And copies.

Q. Of what?—A. Sales.

Q. What else?—A. That is all.

Q. We are to understand from you, you had no other books of record than those that are current?—A. That is all we have with the exception of an expense ledger. That is, all we have to-day is the purchase and sales ledger and expense ledger.

By Mr. Calder, K.C.:

Q. I suppose you reported the theft to the Toronto police?—A. We reported to the police and advertised in the papers.

Q. At the time?—A. Yes.

Witness retired.

N. B. GERRY, called and sworn.

By Mr. Calder, K.C.:

Q. Did you require from Messrs. Sloggett and Brown of the European Silk Company the production of correspondence prior to first December, 1925?—A. We asked for all correspondence; we asked to see all records.

Q. Will you tell us what correspondence there was in the correspondence files?—A. My assistant reported on scrutiny of the correspondence files that the date farthest back they saw was December first, 1925.

Q. How far back are the cheques produced?—A. Back to 1st July, 1925, and from that date on they are not complete.

Q. From that date back?—A. That date on.

Q. They did not exist at all prior to that date?—A. No cheques prior to 1st July, 1925.

Q. Did you inquire what had become of them yourself?—A. Not personally.

Q. You were there when the inquiry was made?—A. My assistant inquired and reported to me they were not there and the partners did not know where they were and they were apparently destroyed.

EXHIBIT No. 228

CLARKSON, GORDON & DILWORTH,
CHARTERED ACCOUNTANTS

TORONTO, CANADA, June 7, 1926.

Twelfth Interim Report to Special Committee Investigating the Administration of the Department of Customs and Excise

The CHAIRMAN,
Special Committee
Investigating the Administration of the
Department of Customs and Excise,
Ottawa, Canada.

SIR,—As auditors of your Committee, we beg to make our twelfth interim report as follows:—

This report deals with the investigation of the books and accounts of the Alco Dress Company Limited, the O. B. Earle & Company Limited, and the European Silk Company Limited, all of Toronto.

ALCO DRESS COMPANY LIMITED

The Alco Dress Company Limited was incorporated under Ontario Letters Patent, dated 16th January, 1922, with an authorized capital of $40,000, divided into 10,000 7 per cent Cumulative Preference Shares (non-voting and redeemable at par) of $1 each, and 30,000 Common Shares of $1 each.

Subsequently, in December, 1922, the authorized capital was increased to 100,000 shares. Shares are held as follows:—

	Preference.	Common.
J. Perkins, President	10,000	79,998
H. Cohen, Secretary-treasurer	...	9,999
Lawrence Kert	...	1
J. Singer	...	1
Fanny Perkins, Director	...	1
	10,000	90,000

The Company carries on business as manufacturers of dresses and the number of employees runs from 75 to 200.

Audited statements show that the Company incurred a considerable loss for the four year period ending December 1925.

The Company produced its books which were well kept; the purchase invoices prior to June 1924 and correspondence prior to October 1924 had been destroyed and Mr. Perkins stated this was done as there was not room in the vault of the Company to keep them.

We examined all customs entries made at the Port of Toronto for the years 1924-1925 and saw that proper duties had been paid on all foreign invoices shown on the books of the Company excepting certain invoices which we refer to later in this report.

These entries also show that during 1924 and 1925 duty had been paid on certain goods invoiced by Messrs. McGreevey, Werring & Howell of New York, totalling $6,772.70, which invoices do not appear in the books of the Alco Dress Company Limited. There is also an account in the books of the Alco Dress Company showing total credits to Messrs. McGreevey, Werring & Howell for the year 1924-1925 of $7,210.90. Except for one small payment there is no record in the books of the Company of any payments to Messrs, McGreevey, Werring & Howell in settlement of these credits.

In addition there were several debit notes on file from Nu Vogue Limited, Ottawa, for duty on shipments from McGreevey, Werring & Howell. We examined the books of this Company (which is carrying on a retail business) especially in connection with the Alco Dress Company Limited's account. We found that the Alco Dress Company Limited were charged with $3,022.58 duty on shipments from McGreevey, Werring & Howell, between July 1924 and October 1925, which at the average rate of duty of say 35 per cent would mean that from $8,000 to $9,000 of goods had been imported on account of Alco Dress Company Limited, such goods being received in Ottawa by the Nu Vogue Limited. We did not see any invoices or entries in the books of Alco Dress Company for the goods represented by these duties nor do the books of Nu Vogue show that any payment was made to Messrs. McGreevey, Werring & Howell, in settlement.

The above transactions represent some $22,000 of goods, and while duty was paid on same there is no record of the settlement of such purchases in the books of the Alco Dress Company. The explanation given by Mr. Perkins is that settlement for these goods was made through his Company's "Sample Account," but there is no record of the "Sample Account" in the books nor in the private bank accounts of Mr. Perkins or Mr. Cohen. In the absence, therefore, of some proper record of settlement we are not in a position to say that these represent all of the transactions conducted in this manner.

In this connection we found a few invoices from other American concerns for which there were no duty entries and which appear to us to cover the same goods as certain of the goods invoiced by Messrs. McGreevey, Werring & Howell and cleared through the Port of Toronto. Some of these goods were slightly undervalued and in other cases no duties were paid on cash discounts allowed in excess of 2½ per cent.

There were also a few other American invoices totalling $2,413.36 on the books of the Alco Dress Company Limited for which we could not trace duty payments. Mr. Perkins claims that these goods never entered Canada but were resold by him in the United States.

Purchases from O. B. Earle Company.

Numerous invoices from O. B. Earle & Company Limited of Hamilton were found on the files but did not show any details, the total only being given. The books show the following transactions,—

	Purchase from Earle & Company	Sales to Earle & Company
1923	$ 8,734 71	$ 24,847 76
1924	23,323 00	53,925 67
1925	30,064 33	44,891 69

Mr. Perkins states that the purchases from this Company were samples for patterns and at first claimed that they were all Canadian samples, but later on

admitted that some American samples might be included, but claims that all duties were paid on them.

O. B. EARLE & COMPANY LIMITED

This Company was incorporated under Dominion Charter on 22nd March 1923 with an authorized capital of $100,000. The shares are held, according to return made to the Government, as follows,—

	Shares
O. B. Earle	398
W. A. Stuart	49
Miss G. M. D'Entremont	1
Ella A. Earle	1
Laura M. Stuart	1
	450

The Head Office is in Toronto and it operates a retail dress store in Hamilton. The Secretary of the Company stated that Mr. Earle had recently left for Europe and that the books of the Company were not in the office. She showed us, however, six files of invoices and some correspondence and a receipt file which she said were complete as far as she knew.

Mr. W. A. Stuart the Vice-President stated that he did not know where the books were, but that certain American purchases which came consigned to them would be re-consigned without being opened, to the Alco Dress Company. There were only fifteen American invoices on the files—six were invoices from McGreevey, Werring & Howell of which three had invoices of other New York firms attached to them for the same goods. In two cases McGreevey, Werring & Howell's invoices were some 8 or 9 per cent less than the manfacturers' invoices. In the absence of the books we are unable to state whether this is a discount allowed to O. B. Earle & Company Limited, or not.

We examined the entries of the Company in the Custom offices at Hamilton and found that from August 1923 to December 1925 there were forty-nine entries cleared, representing three hundred and twenty-six dresses with a total invoice value of $5,948.62. Of this total only fifteen invoices were on file in the Company's office amounting to $1,545.20. Of the invoices cleared fourteen were from Messrs. McGreevey, Werring & Howell. We also saw debit notes charging the Alco Dress Company with the exact amount of the duty on some of the invoices found at the Custom Department at Hamilton.

We wrote several New York houses asking for copies of their accounts with Messrs. O. B. Earle & Company and received replies from the following:

Name	Year	Total Purchases
Semmel & Tissenbaum	1923-6	$ 575 00
Beisel & Volin	1923-4	426 80
Diamond, Heistein & Rolla	1924-5	204 50
Noe Barnett	1924-5	306 34
Biesenthal, Johnston Company	1923-4	135 25
Bass & Gross	1923-5	1,613 50

There are no customs entries for these goods except for one year's shipments from Bass & Gross for 1923 purchases—$350.50.

Such books as were produced for us, correspondence on the files and conversations with Mr. Perkins and the Secretary of O. B. Earle & Company Limited would indicate that there is a very close connection between the Alco Dress Company Limited, and O. B. Earle & Company Limited, the latter Company apparently acting as Purchasing Agents for the former. In the absence of the

books of O. B. Earle & Company Limited, and complete explanations as to the transactions reported on above we cannot properly complete the investigation of the accounts of these two Companies.

EUROPEAN SILK COMPANY

The European Silk Company is a partnership which commenced business in 1922, the partners being Messrs. H. Sloggett and H. Brown.

The firm carry on a trading business in silk and cotton piece goods, and import goods from the United States, Europe and Japan, as well as buying in Canada.

The records of the company were very poorly kept, and a considerable number of records were missing. All cheques prior to 1st July, 1925, and correspondence prior to 1st December, 1925 have ben admittedly destroyed.

Since our investigation started, the Sales Ledger for 1925 and the copies of the Sales Invoices have been lost. Mr. H. Brown stated that they were taken down to the basement to be stored away, and thinks that some of the carters must have taken them away by mistake.

The partners claim to have no finacial statement of the affairs of the Company and refuse to produce their Income Tax Returns.

Test of Duty Paid as per Customs Entries with Foreign Invoices found on the premises.

We listed all the foreign invoices that were found on the files of the Company for 1924 and 1925, and compared these with the entries in the Customs Office at the Port of Toronto. Duties were paid on these, but in the absence of the complete records of the Company we are not in a position to state that the Company has paid all duty on imported goods.

Yours faithfully,

CLARKSON, GORDON AND DILWORTH.

EXHIBIT NO. 229

CLARKSON, GORDON & DILWORTH

CHARTERED ACCOUNTANTS

OTTAWA, 9th June, 1926.

Thirteenth Interim Report to Special Committee Investigating the Administration of the Department of Customs and Excise (Re Bank Account of J. A. E. Bisaillon)

To the Chairman,
Special Committee,
Investigating the Administration of
The Department of Customs and Excise,
Ottawa, Canada.

SIR,—As auditors to your Committee we beg to make our thirteenth (13th) interim report.

This report deals with the examination of the bank account of J. A. E. Bisaillon.

On 28th April, 1926, Mr. Bisaillon furnished the Committee with two statements—Exhibits 139 and 140—which were said to constitute his account with the Banque Provinciale, 392 Ste. Catherine Street East, Montreal.

Exhibit No. 140 purports to be a copy of the bank account in the Savings Department of the above bank in the name of J. A. E. Bisaillon. When we received this it was in two sections:—

1. Covering the period 31st December, 1918, to 22nd December, 1923, ending with a credit balance of $105.39.
2. Commencing 29th April, 1924, with a credit balance of $16.25.

We applied to the bank and were furnished with a copy of the account for the intervening period 1st January, 1924 to 29th April, 1924.

In the absence of the cheques and deposit slips in this account we have been able to accomplish little in the way of examination. When taken in conjunction with Exhibit 139, however, there are certain features which we consider of sufficient importance to be reported on.

Exhibit No. 139 appears to be a statement of deposits made by Bisaillon at the above bank. These deposits are numbered 171 and 492 inclusive and cover the period 28th July, 1924 to 12th December, 1925, the total amount deposited being shown as $105,009.76. We have not seen any statement for the period prior to 28th July, 1924.

In checking the payments made in the latter part of 1924 by certain firms in the Rock Island district it was observed that the deposits made by these firms corresponded with certain of the deposits listed in Exhibit 139. These are as follows:—

6th November, 1924...	$ 507.21	—Reliable Garment Company.
6th November, 1924...	484.38	—W. M. Pike & Sons.
30th December, 1924...	910.00	—Jas. A. Gilmore Company.
30th December, 1924..	1,656.50	—R. & G. Manufacturing Company.
12th January, 1925....	1,012.50	—B. B. Glove Company.
13th January, 1925....	1,325.00	—Perfecto Overall Company.
14th February, 1925...	1,650.38	—Sanborn Company.

In the records of Jas. A. Gilmore Company we found the cheque for $910.00 representing the above deposit. This cheque is made out to J. E. Bisaillon and is endorsed to the credit of the account of the Receiver General of Canada by J. A. E. Bisaillon. The cheque itself is dated 19th November, 1924, whereas the deposit in the account represented by Exhibit 139 is dated 30th December, 1924. The receipt (on Departmental File No. 123055) which Bisaillon gave to the company for the deposit is dated 29th December, 1924, but this has obviously been altered from November 29th. In the case of the R. & G. Manufacturing Company the receipt has also been altered from what appears to have been 19th November, 1924 to 29th December, 1924. The above show considerable delay in the turning over of the money received by Bisaillon from these two Rock Island companies to the Government.

The Departmental files appear to leave no doubt that all these Rock Island deposits were finally received by the Department, and it would in consequence appear that Exhibit 139 covers an account kept by Bisaillon in Montreal in his capacity as Chief of the Preventive Service there for receipts on Government account.

On examining the Savings Account represented by Exhibit No. 140 we found that certain items in this account appeared to be transferred to the account represented by Exhibit No. 139.

Deposit No. 171—$893.10, dated 28th July, 1924, corresponds in amount to a cheque charged to the Savings Account on the same date.

Deposit No. 318—$562.81, dated 31st March, 1925, corresponds in amount to a cheque charged to the Savings Account on the same date. This entry is marked on the Savings Account "Trate No. 318."

Deposit No. 370—$311.78, dated 11th May, 1925, corresponds in amount to a cheque charged to the Savings Account on 12th May, 1925.
Deposit No. 476—$210.00, dated 12th November, 1925, corresponds in amount to a cheque charged to the Savings Account on 7th November.
Deposit No. 482—$400.00, dated 24th November, 1925, corresponds in amount to a cheque charged to Saving Account on 23rd November, 1925. In the Savings Account this cheque is marked "B."

Certain items in Exhibit 140 are marked "acc." or "c.acc." The transfer of 28th July, 1924 is so marked.

The significance of these transfers is that if Exhibit No. 139 is a Government account, then Mr. Bisaillon did make certain transfers from his Savings Account to a Government Account, indicating presumably that Government funds had been deposited by him in the Savings Account. If Exhibit 139 does not represent a Government Account then Mr. Bisaillon must explain how the deposits made by the Rock Island firms came to be deposited in it.

On page 583 of the evidence before the Committee he stated that not a cent of the money he collected for the Government during his employment with the Government ever went into his own private account.

Yours respectfully,

CLARKSON, GORDON & DILWORTH.

Hon. Mr. STEVENS: Before you pass to the next, I would like to ask Mr. Nash a question.

Witness (Mr. Gerry) retired.

A. E. NASH recalled.

By Hon. Mr. Stevens:

Q. Mr. Nash, in connection with this Thirteenth Report, regarding Bisaillon, did you verify, by reference to the Receiver General, the receipt of these sums or these cheques?—A. I understand so; I did not do that personally, I understand it was done. That is the ones you refer to at page 2?

Q. Yes.—A. I understand it was done.

Mr. CALDER, K.C.: The Fourteenth Report deals with Joseph E. Seagram and Sons, Limited, Hiram Walker and Sons, Limited, Gooderham and Works, Limited, Toronto, and the auditors report everything correct and satisfactory. Reads as follows:—

EXHIBIT No. 230

CLARKSON, GORDON & DILWORTH,

CHARTERED ACCOUNTANTS

TORONTO, CANADA, June 9, 1926.

Fourteenth Interim Report to Special Committee Investigating the Administration of the Department of Customs and Excise

The Chairman,
Special Committee,
Investigating the Administration of the
Department of Customs and Excise,
Ottawa, Canada.

SIR,—We have the honour to submit herewith our fourteenth Interim Report which deals with the following distilleries:—

JOSEPH E. SEAGRAM & SONS LIMITED, WATERLOO, ONTARIO

We examined the books and records of the above company for the three fiscal years ended 31st March, 1926, and report as follows:—

The Company was incorporated in 1911 under the Dominion Companies Act to carry on business as distillers, etc., at Waterloo.

Import Duties.—

We made a careful examination of the invoices as to purchases of malt and corn and imported spirits to see that import duties were properly levied, and we confirmed by examination of the cancelled cheques and by numerous references to the records in the office of the Collector at Waterloo that these duties had been paid.

Spirits Produced.

We also saw that the quantities of grain and spirits purchased as shown on these invoices were properly charged in the Distillers' Excise Books and found that the quantity of spirits distilled from the grain purchased, as shown by the record of measurements taken at the Closed Receiver, was in excess of the standard minimum quantity called for by the Excise Act.

We saw that the quantities of spirits produced were properly accounted for throughout the different stages of rectification, maturing, bottling, etc., and that the excise duty was paid by cheque in favour of the Collector of Customs on all spirits taken out of bond. We also saw proper authority from the Department of Customs and Excise to cover all deficiencies in excess of the legal allowance and that excise duty had been paid on these deficiencis.

We verified the balances shown by the Distillers' Excise Book at 31st March, 1926, by comparing them with the physical inventories certified to by the Excise Officers.

Sale of Spirits.

For all shipments either domestic or export we saw on file in the Excise Office requisitions for "Permits for Removal."

In 1924 the shipments consisted of domestic sales (in bond) and duty paid sales to Mexico.

In 1925 the shipments consisted of domestic sales (in bond) and duty paid sales to Mexico and the United States.

In 1926 the shipments consisted of domestic sales (in bond), sales to Cuba and Havana (in bond) and duty paid sales to the United States.

We made a test examination of a number of the invoices and shipping instructions relating to shipments to the United States. In the earlier part of the period these shipments appear to have been made by rail to Walkerville but for the later period the instructions indicate shipment by truck to one of the several ports in Ontario, thence by boat (designated by name) to consignees in the United States. In respect of such shipments the Company obtained Certificate of Exit from the Customs Officer at the port of exit and, as far as time permitted, we compared these certificates with the shipments examined by us.

Bonds Given by Company re Shipments Exported in Bond.

As called for by the Customs Act, the Company furnished guarantee bonds in the amount of double the excise duty, securing payment of duty if proof of export could not be furnished.

While Section 102 of the Customs Act apparently requires landing certificates to be furnished in order to secure the cancellation of these bonds, circular No. 177C dated 10th April, 1922, paragraph 17, and circular No. 327C dated 15th April, 1924, paragraph 17, approved by Order-in-Council, state that where the goods are exported on a vessel plying on a published route and scheduled to a port outside of Canada with the first point of call outside of Canada, a

certificate from the Customs Officer at the Port of Exit that the goods were exported on such vessel will be sufficient to secure cancellation of the bonds.

The Customs Officials at Kitchener express doubt to us as to whether the certificate of exit furnished by the Customs Officials at the Port of Exit was sufficient evidence on which to cancel the bonds without obtaining landing certificate as well, but no demand has been made upon the company for payment of duty in respect to any of these shipments nor has any notice been received by it that the terms of the bonds had not been complied with and as a certificate of exit had been furnished in each case, it would appear that the company is not liable for any duty.

Sales Tax

(*a*) *Shipments shown by the company's records as being exported to the United States*—In respect to these the Customs and Excise Department has made claim on the company for sales taxes to 31st December, 1923, amounting to $79,918.66, computed on the duty paid value.

In the years 1924 and 1925 the company made return and paid on similar shipments sales tax computed on the duty paid value but for the three months to 31st March, 1926 (and presumably for the subsequent period as well) the company has not made return and has not paid any sales tax on such shipments.

(*b*) *Domestic Shipments.*—Up to 31st October, 1924, the company appears to have made return in respect of all domestic shipments and paid sales tax thereon computed on the sale price in bond—all such shipments having been made in bond.

Subsequent to 31st October, 1924, the company made return and paid sales tax computed on the duty paid value.

HIRAM WALKER & SONS LIMITED, WALKERVILLE, ONTARIO

We examined the books and records of the above company for the three and a half years ended 31st March, 1926, and report as follows:

Import Duties

We made a careful examination of the invoices as to purchases of malt and corn and imported spirits to see that import duties were properly levied, and we confirmed by examination of the cancelled cheques and by numerous references to the records in the office of the Collector at Walkerville that these duties had been paid.

Spirits Produced

We also saw that the quantities of grain and spirits purchased as shown on these invoices were properly charged in the Distillers' Excise Books and found that the quantity of spirits distilled from the grain produced as shown by the record of measurements taken at the Closed Receiver, was in excess of the standard minimum quantity called for by the Excise Act.

We saw that the quantities of spirits produced were properly accounted for throughout the different stages of rectification, maturing, bottling, etc., and that the excise duty was paid by cheque in favour of the Collector of Customs on all spirits taken out of bond. We also saw proper authority from the Department of Customs and Excise to cover all deficiencies in excess of the legal allowance and that Excise Duty had been paid on these deficiencies. In addition to examining the cheques payable to the Collector of Customs we traced the receipt of these amounts to the cash book of the Local Customs & Excise Office.

We verified the balances shown by the Distillers' Excise Books at 31st March, 1926, by comparing them with the physical inventories certified to by the Excise Officers.

Sales of Spirits

For all shipments, either domestic or export, we saw where they were required requisitions for "Permits for Removal" on file in the Excise Office.

All shipments in the period of three and a half years were either domestic or export in bond to countries other than the United States.

Bonds given by Company re Shipments Exported in Bond

We ascertained by examining the landing and other certificates on file in the local Customs Office that the Company had complied with the requirements of the Department as to the production of these documents and that the Department had cancelled all the bonds furnished by the Company in connection with such shipments made to March 31, 1926.

Sales Tax

On export shipments no sales tax was paid as none is called for under the Special War Revenue Act.

On domestic shipments sales tax was paid as follows:

1. Up to December 31, 1923:
   - (*a*) On the value in bond of all domestic shipments made in bond.
   - (*b*) On the duty-paid value of all duty-paid domestic shipments. (These shipments included shipments to the "George" Companies although the shipping instructions in regard to these indicated that the goods were for export.)
2. Subsequent to December 31, 1923—
   - (*a*) On the duty-paid value of all domestic shipments (except on shipments to manufacturers licensed under the Special War Revenue Act.)

GOODERHAM & WORTS LIMITED, TORONTO

We are still engaged on the examination of the books and records of the above Company for the period from January 1, 1924 (the inception of the present Company) to March 31, 1926. While this work is not completed we are able to report as follows:—

Import Duties

We made a careful examination of the invoices covering purchases of mashing materials and other dutiable imports, including spirits, and we saw that proper import duties had been levied and cheques in payment issued to the Collector of Customs. We will further confirm these payments by an examination of the cash book kept by the local Collector of Customs and Excise.

Spirits Produced

We also saw that the quantities of grain and other mashing materials and spirits purchased as shown by these invoices were properly charged in the Distillers' Excise Books and we found that the quantity of spirits distilled from the grain purchased as shown by the record of measurements taken at the Closed Receiver was in excess of the standard minimum quantity called for by the Excise Act. The only exception to the foregoing is that the regulations we have seen do not set any standard minimum quantity of spirits to be produced from molasses. The amount shown as being produced was approximately 5.2 proof gallons per 100 pounds of molasses.

We saw that the quantities of spirits produced were properly accounted for throughout the different stages of rectification, maturing, bottling, etc., and that the Excise Duty was paid by cheque in favour of the Collector of Customs on all spirits taken out of bond and on malt under 10 per cent. The only exception was the following:—

The spirits imported were first warehoused and when later taken out of warehouse to be used in manufacturing, the quantity was measured by the Excise Officer and entered upon the Distillers' Excise Book and the Company was allowed free entries on an equivalent quantity at $9 a proof gallon. This, however, does not appear to comply with Section G, Paragraph 7, of the "Departmental Regulations respecting Distilleries and products thereof" established under an Order in Council dated December 23, 1924, which prescribe that if the duty collected on imported wines, etc., should be less than the Excise Duty payable on the proof spirits contained therein, the distiller will be allowed free entry to an amount *sufficient to compensate him for the import duty paid on the wine, etc.*, brought in. The allowance thus computed would be approximately $12,000 less than the amounts which have been allowed. This is on the assumption that the same regulations were in force prior to December 23, 1924.

In addition to this there is a difference arising through the fact that the quantities taken out of warehouse over the period measured some 291.8 proof gallons in excess of the quantity as measured for import duties by the Customs Department. We understand that these differences arise through the quantity for import duty purposes being determined by measurement, while the amounts taken out of warehouse are determined by weight. Upon the 291.8 gallons referred to the Company was allowed free entry for excise duty, but under the Regulations above cited it would appear that no such allowance should have been made unless import duties should be paid on the additional quantity. We understand that the Excise Officer during this period died this April. We have drawn the matter to the attention of his successor so that the regulations may be complied with.

The Company paid duty at a minimum rate of $9 per gallon and at $9.02 and $9.03 on considerable portions of its output, but time did not permit our seeing that these larger rates were paid in all cases to which they would be applicable.

We also saw, wherever required, proper authority from the Department of Customs and Excise to cover deficiencies in excess of the legal allowance and we saw that excise duty had been paid on these deficiencies. We are proceeding to verify the balances shown by the Distillers' Excise Books at 31st March, 1926, by comparing them with the physical inventories certified to by the Excise Officers.

With respect to the age of spirits sold we understand that the Company made some shipments of spirits less than two years old but under special permit. We have not as yet examined this nor dealt with the age of the other spirits sold.

Denatured spirits

The quantities of proof spirits designated for denaturing were traced to the special records kept for denatured spirits.

For a time the Company appears to have used the quantity of Diethylphthalate prescribed in circular No. 4880, dated 15th March 1926, but determined by weight. In March, 1925, the Department drew their attention to the fact that the quantity was to be determined by volume, which was considerably greater and since that date the Company appears to have complied with this interpretation of the regulation.

All denatured spirits were sold in Canada as far as the sales record show, the prices being approximately as follows:—

No. 1	Benzine	$ .87	gallon
No. 1	"F"	1.00	"
No. 1	"D" Iodine	2.85	"
No. 1	Standard	.95	"
No. 1	Special	.90	"
No. 2	Alcohol 65 per cent	.75	"
No. 1	Ethyl 65 per cent	.50	"
	Cologne Spirit 68.3 per cent	.55	"
No. 2	Alcohol 65 per cent O.P.	.43	"
No. 2	Pyridine	1.02	"
No. 2		1.20	"

As a test we examined the sales of this grade, No. 1-F, during the month of December, 1925, and we found that they had all been made to authorized licensees.

Sales

The Company's output was disposed of during this period by domestic sales (in bond) mostly to Provincial Government Liquor Commissions, by exports to the United States (duty paid) and by exports in bond to countries other than the United States.

The shipments to the United States appear to have been made in general by rail to Western Ontario ports and were latterly consigned to the United States purchasers.

The Company informs us that for the period covered by the sales tax claim made by the Department of Customs and Excise they have Certificates of Exit on form B-13 covering all shipments, but that for the following period, while they have many of the certificates on hand, the files have not been followed up and a number of the forms have not yet been obtained from the ports of exit.

We have not as yet been able to examine these certificates in detail.

For all shipments, either domestic or export, we saw on file in the excise office requisitions for "Permits for Removal" where required.

There are certain small differences in quantities between the quantities shown by the requisitions and by the sales which we have not had time to examine, but upon these the excise duty has been paid.

Bonds given by Company re Export Shipments in Bond

The Company furnished bonds as called for by the Excise Act to the amount of double the excise duty, which would be payable if it could not produce satisfactory proof of export. Mr. Campbell, the Customs Clerk in charge of such bonds, informed us that all export shipments in bond up to June 30th, 1925, had been referred to Ottawa and that the Department there had advised that all the bonds covering these shipments should be cancelled. We have not as yet examined these advises but we saw the Certificates of Exit except in regard to four shipments for which, however, landing certificates were produced.

For the later period the Company purchased Exit Certificates but they do not appear to have obtained landing certificates in any instance.

The shipments subsequent to 30th June, 1925, were made from the Ports of Montreal, Halifax, St. John and Vancouver by the Canadian Government Merchant Marine, United Fruit Line, Canadian Pacific Ocean Services, Isbrandtsen-Moller Company, Furness Line, Houston Lines, Robert Reford Company and the Cunard Line.

We are unable to report at the present time whether shipments by any of these routes would require landing certificates as laid down in circular 327C, paragraph 17, but the Customs Officer here informed us that no landing certificates had been obtained and that the Customs and Excise Office regards bonds given in respect of these shipments as being cancelled.

Sales Tax

On its exports the Company has paid no sales tax. In respect to the shipments shown as being made to the United States, the Deparement of Customs and Excise has made claim for sales tax up to 30th November, 1924. This claim is in the Courts now but is being contested by the Company. Should the Government prove successful in its claim the total sales tax which would presumably be payable for the whole period under review would be some $200,000.

On the domestic sales the Company has paid sales tax on the duty-paid value, except for the month of January, 1924, when the tax was reckoned and paid at the old rate of 4½ per cent on the in-bond value on the ground that these shipments were dated December, 1923. From the sales taxes payable by the Company it made deduction of some $3,500, representing the former sales tax of 4½ per cent on goods which had apparently been sold by the former Company to the Manitoba Government Liquor Commission in December, 1923, but which were later repurchased from the Commission by the present Company. We understand from the Company that this deduction was approved by the Department.

Respectfully submitted,

CLARKSON, GORDON & DILWORTH.

Hon. Mr. STEVENS: There is one thing I would like to get in, Mr. Chairman, and that is the price shown on page 8, for which they sold denatured spirits, No. 1F, the type that we dealt with in connection with the Dominion Distilleries and the price at which they sold, which was one dollar a gallon. All denatured spirits were sold in Canada, as far as the sales records show, the price being approximately as follows—I will not read the prices, but 1F is shown at $1 a gallon. I just desired a note to be made of that in passing.

Mr. CALDER, K.C.: The next report, Mr. Chairman, is the Fifteenth Interim Report, dealing with Stapells-Fletcher, Limited, the Doherty Manufacturing Company of Toronto, Limited, A. E. Rea and Company, the Prince Manufacturing Company, Silks Limited, E. and J. Silk Company Limited and Model Dress House and R. J. Sapera Limited. An examination of the books on account of the latter two concerns is not completed.

Hon. Mr. STEVENS: I think it is only due and fair to these concerns set out here, Stapells and Fletcher, Silks Limited, Doherty Manufacturing Company and Prince Manufacturing Company—

Mr. CALDER, K.C.: This also includes Rea and Company and E. and J. Silk Company Limited—

Hon. Mr. STEVENS: That these companies have been examined and that there is nothing appearing in the books which can be questioned as not being perfectly in order.

Mr. NASH: We make a reservation that the Model Dress House and Sapera Company are not finished.

The CHAIRMAN: Stapells-Fletcher, Limited, Doherty Manufacturing Company, Rae and Company, Prince Manufacturing Company, Silks Limited and the E. and J. Silk Company Limited.

Hon. Mr. STEVENS: All of Toronto.

The CHAIRMAN: The books have been examined and found correct.

By Mr. Donaghy:

Q. Mr. Nash, how did you find the price they paid for silk purchased compared to some of the prices paid by concerns that were suspected of smuggling silk?

Mr. NASH: I will have to refer to the man who did the work. I will do that now and give the answer before the afternoon is over.

EXHIBIT No. 231

Fifteenth Interim Report to Special Committee Investigating the Administration of the Department of Customs and Excise

CLARKSON, GORDON & DILWORTH,

CHARTERED ACCOUNTANTS

TORONTO, CANADA, June 9, 1926.

The CHAIRMAN,
Special Committee,
Investigating the Administration of the
Department of Customs and Excise,
Ottawa. Canada.

SIR,—As auditors of your Committee, we beg to make our fifteenth Interim Report as follows:—

This report deals with the investigation of the books and accounts of Stapells-Fletcher Limited, the Doherty Manufacturing Company of Toronto Limited, A. E. Rea & Company, the Prince Manufacturing Company, Silks Limited, E. & J. Silk Company Limited, Model Dress House and R. J. Sapera Limited, all of Toronto.

STAPELLS-FLETCHER, LIMITED

This business was incorporated under Ontario Letters Patent in January, 1903, under the name of McElroy Manufacturing Company, Limited. In November, 1924, the name was changed to Stapells-Fletcher Limited. The directors and officers of the company are as follows:—

R. A. Stapells, President and General Manager, who has been connected with the company as a director since 1903.
H. C. Fletcher, Vice-President, who has been a director of the company since 1904.
W. T. Stapells, Secretary.
W. E. Pinder, Treasurer.
Mrs. R. A. Stapells, Director.

We examined the books and accounts of the company for certain periods during 1924 and 1925. We did not, of course, make a complete audit of all the transactions of the company but confined our examination principally to a thorough test of those matters which would be of interest to your Committee.

The Company carries on the business of manufacturing dresses. All books and records which we required were produced to us, and were found to be well kept, and all information required was given to us. We carefully compared all foreign purchases with Customs entries and clearances during the periods tested and satisfied ourselves that the proper amount of duty had been paid. Our examination and scrutiny of the other records of the Company has revealed nothing to report upon.

DOHERTY MANUFACTURING COMPANY OF TORONTO, LIMITED

This business was incorporated under Ontario Letters Patent dated August 1909, and at that time took over the business of Doherty Manufacturing Company. The authorized capital of the Company is $75,000 which is all issued. The officers of the Company are:—

A. J. Doherty, President.
W. K. Doherty, Vice-President.
G. H. Doherty, Secretary-Treasurer.

We examined the books and accounts of this Company for certain periods in 1924 and 1925. We did not, of course, make a complete audit of all the transactions of the Company, but confined our examination principally to a thorough test of those matters which would be of interest to your Committee.

The Company carries on the business of manufacturing dresses. All books and records required by us were produced and found to be well kept. We carefully compared all foreign purchases for the periods tested with Customs entries and clearances and satisfied ourselves that the proper amount of duty had been paid. Our examination and scrutiny of the other records of the Company has revealed nothing to report upon.

A. E. REA & COMPANY

We called on and interviewed Mr. A. E. Rea at his office, 38 King Street West, Toronto. He informed us that A. E. Rea and Company had not transacted any business since 1902, in which year they sold out to a limited company, A. E. Rea & Company Limited, who in turn had not transacted any business since 1914.

THE PRINCE MANUFACTURING COMPANY

Mr. E. D. Henry started business under the above name in 1918. On 4th September, 1925, Ontario Letters Patent were granted to the Prince Manufacturing Company Limited (a private company), and on 1st January, 1926, Mr. Henry sold to this Company his assets and became the principal shareholder of the new Company. The authorized capital, $40,000, was divided into 400 shares of $100 each, of which 250 were issued.

The Company carry on the business of manufacturing dresses. In September, 1925, Mr. E. D. Henry's account was charged with $1,000 which he stated was an investment in The Little Woman's Dress Company, Limited. This latter Company carries on business in the same premises as the Prince Manufacturing Company Limited, who purchase most of the goods used in its business. We scrutinized the books of this Company and are satisfied that there is nothing contained therein of interest to the Committee.

We also examined the books of the Prince Manufacturing Company for certain periods during 1924 and 1925. We did not, of course, make a complete audit of all the transactions of the Company, but confined ourselves principally to a thorough test of those matters which would be of interest to your Committee. All books and records required by us were produced and found to be well kept and all information required was given to us. We carefully compared all foreign purchases during the periods tested with Customs entries and clearances, and satisfied ourselves that the proper amount of duty had been paid on such purchases. Our examination and scrutiny of the other records of the Company has revealed nothing to report upon.

SILKS LIMITED

The Company was incorporated as "The Silks Company Limited" under Ontario Letters Patent on the 31st December, 1909, with an authorized capital of $100,000 divided into 1,000 shares of $100 each, and purchased the business of G. Sakomoto & Company in February, 1910. On 22nd March, 1916, Letters Patent were obtained under the Dominion Companies Act changing the name to "Silks Limited" and increasing the authorized capital to $500,000.

On the 12th of August, 1922, Supplementary Letters Patent were obtained reducing the authorized capital to $350,000 and on the 13th March, 1924, the authorized capital was again increased by Supplementary Letters Patent to $500,000 and the powers of the Company extended.

On various dates the different departments of the business, including the stock of goods, were sold to newly incorporated companies in which the directorate interlocked and in which Silks Limited and its principal shareholders held the major portion of the shares.

Name of Company	Date of Sale	Stock, Etc., Sold
Ribbons Limited..	7th of July, 1916..	Stock of Ribbons.
Novelties Limited, afterwards changed to Hose-Kerchiefs Limited.. ..	7th of July, 1916..	Stock of Ties, Handkerchiefs, Linens and Novelties.
Dress Fabrics Limited ..	9th of June, 1920..	Stock of Dress Fabrics.
Jobbers Realty Limited..	15th of June, 1918.. ..	Property at 100 Wellington street, West.

Silks Limited looks after all accounting for the other Companies and is paid a percentage of their sales for so doing.

Directors of Silks Limited—

S. Ubakata, President.
R. Hirai.
J. Powley, Vice-President.
J. A. McLennan.
K. Harrima.

We examined the books and accounts of the Company for certain periods during 1924 and 1925. We did not, of course, make a complete audit of all the transactions of the Company but confined our examination principally to a thorough test of those matters which would be of interest to your Committee.

The Company carries on a wholesale business in silks. All books and records which we required were produced to us and were found to be well kept, and all information required was given to us. We carefully compared all foreign purchases with Customs entries and clearances during the periods tested and satisfied ourselves that the proper amount of duty had been paid.

Our examination and scrutiny of the other records of the Company has revealed nothing to report upon.

E. & J. SILK COMPANY, LIMITED

The E. & J. Silk Company, Limited, was incorporated under Dominion Letters Patent dated 7th September, 1923, with an authorized capital of $100,000 divided into one thousand shares of $100 each. Six hundred shares have been issued, of which Mr. M. H. Epstein controls 400 shares and Mr. Otto Jaegge, 200 shares.

The officers and shareholders of the Company as as follows:—

Morris H. Epstein, President.
Tobias Baruch, Secretary.
Otto Jaegge, Manager.
O. Jaegge, Jr., Vice-President.
Matilda Jaegge.
Anna Epstein.

Mr. M. H. Epstein is also interested in the Ontario Silknit Limited and the Summit Dyeing Company, Limited but we did not examine the records of those companies.

We have examined the books and accounts of this Company for certain periods during 1924 and 1925. We did not, of course, make a complete audit

of the transactions of the Company, but confined our examination principally to those matters which would be of interest to your Committee.

The Company carries on the business of weaving silk dress-goods, ribbons, etc., and import as well as buy locally raw silk, silk in the gum, fibre silk and cotton. All books and records which we required were produced and found to be well kept, and all information required was given to us. The books of the Company are not kept on the factory premises but at the offices of the Ontario Silknit Limited.

We carefully compared all Foreign purchase invoices with Customs entries during the periods tested and satisfied ourselves that the proper amount of duty had been paid on such purchases. Our examination and scrutiny of the other records of the Company has revealed nothing to report on.

MODEL DRESS HOUSE AND R. J. SAPERA COMPANY

The examination of the books and accounts of the above concerns has not been completed.

Respectfully submitted,

CLARKSON, GORDON AND DILWORTH.

Mr. CALDER, K.C.: In connection with the Sixteenth Interim Report, the witnesses were summoned for to-morrow. I am passing that over for the time being. There are certain witnesses that have been summoned in connection with the Seventeenth Interim Report which deals with Klever Dress Company, the Miracle Dress Company, the Klever Dress Company Limited, Hollinger and Company, Harry Hollinger and the Klever Dress Company, with the Klever Cloak Company and with A. Greenfield registered of Montreal, which the auditor reports on the first page, and there is a very close connection between them.

Hon. Mr. STEVENS: This report deals with a group of firms that are interlocked, as far as I can remember or recall, sort of family concerns.

Mr. NASH: That is right.

Hon. Mr. STEVENS: I think this report, Mr. Chairman, ought to be printed in the minutes as evidence. Did you say, Mr. Calder, you were calling some witnesses?

Mr. CALDER, K.C.: Yes, calling them now. Report is as follows:—

CLARKSON, GORDON & DILWORTH

CHARTERED ACCOUNTANTS

OTTAWA, 10 June, 1926.

Seventh Interim Report to Special Committee Investigating the Administration of the Department of Customs and Excise. Re: Klever Dress Company and Associated Companies, Klever Kloak Ko. and A. Greenfield Reg'd.

To the CHAIRMAN,
Special Committee,
Investigating the Administration of
The Department of Customs and Excise,
Ottawa, Canada.

SIR,—As auditors to your Committee we beg to make our seventeenth (17th) interim report.

This report deals with the investigation of the books and accounts of:—

Klever Dress Company,
Miracle Dress Company,
Klever Dress Company Limited,
Hollinger & Packer,
Harry Hollinger,
Klever Dress Company
Klever Kloak Ko.
A. Greenfield, Reg'd.,

all of Montreal. All these companies are being dealt with in one report because there is a very close connection between them.

KLEVER DRESS COMPANY

MIRACLE DRESS COMPANY

Klever Dress Company commenced business as a manufacturer of dresses early in 1923 About January, 1924, a new company was formed known as the Miracle Dress Company. From that date the latter company operated as the manufacturer and the former as a jobber only, purchasing the majority of its supplies from the Miracle Dress Company. The registered owners of Klever Dress Company were Hyman Packer and Harry Hollinger, and the registered owner of Miracle Dress Company, George Hollinger. These two firms went into voluntary liquidation in July, 1925. Harry Hollinger remained at 149 St. Catherine St. E., and operated under his own name, as a manufacturer of dresses, and under the name of Klever Dress Company as a jobber of dresses, coats, etc.

Books and Records

Very few of the books and records of either company were available for our inspection. In the case of the Miracle Dress Company, the majority of the cancelled cheques, the purchase and general journals, the sales records and most of the purchase invoices were missing, and in the case of the Klever Dress Company all the cancelled cheques and all books and records prior to 1st January 1924 were missing with the exception of a few invoices.

Mr. Henry Day, the liquidator of these companies, stated to us that he could not obtain any further records and that a number of the records had been kept in an old desk owned by a Mr. Nadler, which was said to have been sold and the records apparently removed with it. We interviewed Mr. Nadler (who is now in Windsor, Ont.) but he denied all knowledge or connection with either of these companies (except that they were in the same building as himself) and stated that he knew nothing of the purchase or sale of a desk. We made a thorough search of the premises formerly occupied by the two firms but could not find any further records except a few cheques of Miracle Dress Company found in the workroom of Klever Kloak Ko.

Among the books handed to us by the liquidator were a cash book, sales journal and ledger covering the period 1st January to 23rd July, 1925. The bookkeeper of Klever Dress Company Limited states that these books were kept to record certain personal transactions of Mr. Harry Hollinger in connection with the sales of goods bought from the Miracle Dress Company or Klever Dress Company. We could not identify the entries with any of the records of those companies and no purchases are shown. The books show sales totalling $6,945.75 but there is no record of any sales tax having been paid thereon.

Customs Duty

As stated previously we saw no records prior to 1st January 1924. From that date to July 1925, the total purchase shown in the books of Miracle Dress Company amount to approximately $179,000.00 which would include both Cana-

dian and Foreign purchases. The purchase ledger shows purchased from foreign firms amounting to only $13,700.00 but the customs records indicate that goods were imported for which there are no accounts in the purchase ledger. In addition we find that cash purchases were made amounting to over $15,000 for which we have seen no vouchers. The records of the Customs Department show that duty was paid during that period on goods to the values of $25,241.12.

We found certain entries in the early part of 1924, in the ledger accounts of foreign vendor firms (aggregating $7,410.46) for which we could find no corresponding customs clearances in our examination of the customs records at the Port of Montreal. Mr. George Hollinger claims that these goods were returned but in the absence of invoices and vouchers we cannot verify his statement. The books show that a considerable portion of these purchases were paid for.

Sales Tax

The total sales of merchandise recorded in the books of Miracle Dress Company from 1st January 1924 to 31st May 1925, amount to $152,073.57 (which figure does not include sales of raw material from 1st January to 22nd July 1925 of $52,186.67).

The above figure includes sales to customers of the company and also sales of the Klever Dress Company. The Miracle Dress Company appears to have paid sales tax on its sales to regular customers but not on the sales to the Klever Dress Company, nor does the latter company appear to have paid any sales tax for this period.

The sales from 1st January to 31st March 1924 amounted to $2,514.55, and sales tax at 6% would be	$ 150 87
The sales from 1st April 1924 to 31st May 1925 amounted to $149,559.02. Sales tax at 5% would be	7,477 95
	$ 7,628 82
The amount of sales tax paid by the company as per the records of the Sales Tax Department was	797 76
Leaving an estimated amount of sales tax under paid of	$ 6,831 06

No sales tax appears to have been paid on sales from 31st May 1925 to the date of the liquidation of the company.

KLEVER DRESS COMPANY LIMITED -AND- HOLLINGER AND PACKER

Klever Dress Company Limited was incorporated under the Dominion Companies Act on 29th June 1925 with an authorized capital of $50,000 divided into 500 shares of $100 each.

The following are the shareholders and officers:—

C. Greenfield, President (Mrs. Greenfield is a partner in A. Greenfield Reg'd., mother of Mrs George Hollinger)	30 shares
Charles Lazarus, Vice-President	5 "
A. Kerman, Secretary-Treasurer	5 "
A. Schwartz (brother of Mrs. Greenfield)	10 "
J. Ronez	2 "
	52 "

The affairs of the company are managed by George Hollinger and Hyman Packer. The company operates as a jobber of dresses and all purchases are said to be made from Hollinger and Packer, the manufacturers, who occupy the same premises.

Hyman Packer (a former partner with Messrs. George and Harry Hollinger in Klever Dress Company and Miracle Dress Company) commenced business as a manufacturer of dresses at 149 St. Catharine St. E. about 15th June 1925. About 15th July 1925 he moved to 60 Phillips Place Building and admitted George Hollinger into partnership, although no partnership agreement, we are informed by Mr. George Hollinger, has been drawn up or registered. George Hollinger is a brother of Harry Hollinger (of Klover Dress Company) and a brother-in-law of Hyman Packer. He is also a partner in a. Greenfield Reg'd. and is Secretary-Treasurer of Dominion Jobbing Company Limited of Toronto.

Both Klever Dress Company Limited and Hollinger and Packer commenced active operations in June 1925 at the time of the dissolution of partnerships in Klever Dress Company and Miracle Dress Company. The assets of the last named companies are said to have been divided equally between Harry Hollinger, George Hollinger and Hyman Packer. The books of Hollinger and Packer indicate that Hyman Packer's share of the assets was invested in the partnership of Hollinger and Packer. George Hollinger states that his share was not invested therein but that the merchandise comprising part of his share (approximately $34,000) were sold through the partnership. The books do not show, however, any disposal of these goods.

Books and Records.

The books of both firms are very incomplete. The transactions between the two firms are not fully recorded. The sales by Hollinger and Packer to Klever Dress Company Limited, according to the records of the partnership, were $20,158.67 from June 1925 to February 1926, whereas the sales of dresses by the latter company (all of which are said to be the product of the partnership) during the same period were $95,169.46. At the time we commenced our investigation the books of Klever Dress Company Limited showed no record of purchases from the partnership although since our investigation commenced entries have been made to record certain of these purchases.

In explanation of the incompleteness of the transactions between the companies the partners claim that the two businesses are really operated as one. The importance of this will be seen later when the question of sales tax is reported on.

The books do not show any details of the Bills and Accounts Receivable taken over at the commencement of the business, nor any record of the inventory at 31st December, 1925.

Customs duty.

The records of Hollinger and Packer indicate that this firm purchases silks and woollens from France, Switzerland, the United States and Canada, and also imports made-up dresses from the United States.

We examined all foreign invoices and the records of imports as shown by the books and compared same with the records of duty paid as shown by the Customs Department. With some minor exceptions these agree. There were, however, payments aggregating $1,739.34, some of which were to United States vendors, about which we were unable to obtain a satisfactory explanation from Mr. Hollinger and for which we found no customs clearances. On two customs clearances sales tax amounting to $42.09 was not paid.

Sales Tax.

We examined the records of sales taxes paid by Hollinger and Packer and compared these payments with the records at the Department of Customs & Excise. The partnership made sales tax returns at regular intervals but apparently paid sales tax on only a portion of the sales to Klever Dress Company Limited.

As stated previously, the books are very incomplete and we are therefore not in a position to say what the real sales to Klever Dress Company Limited were, but have prepared the following summary of sales and sales taxes paid with our estimate of the amount underpaid:

Sales by Klover Dress Company Limited—June, 1925 to 28th February, 1926	$95,169 46	
Less: Deduction therefrom for taxation purposes on authority of Sales Tax Department—20%	19,033 89	
	$76,135 57	
Sales Tax payable at 5%		$3,806 78
Sales Tax paid by Hollinger and Packer as per records of Sales Tax Department		1,217 85
Estimated amount of Sales Tax underpaid to 28th February, 1926		$2,588 93

In addition to the above figure there would also appear to be tax payable by George Hollinger upon his share of the inventory of the old companies, apparently disposed of privately and not shown on the books of the partnership. If this is so the amount of tax payable by him would be approximately $1,700.00.

We made exhaustive tests of production by means of yardages, wages paid, purchases and sales made, inventories, etc., and from these tests we can state definitely that Mr. Hollinger's share of the old companies' inventory was not recorded in the sales of either Hollinger and Packer or Klever Dress Company Limited.

HARRY HOLLINGER —AND— KLOVER DRESS COMPANY

Harry Hollinger is the brother of George Hollinger of the firm of Hollinger and Packer, and was formerly a partner in the Klever Dress Company. He is also reported to be interested in La Cie d'Importation, M. Slabotsky & Company, and a retail store, Maison de Paris du Nord. Hollinger commenced business in the premises formerly occupied by the Klever Dress Company, 149 St. Catharines St. E., during the latter part of June, 1925, as a manufacturer of ladies' coats and dresses. At the time the business commenced his assets consisted chiefly of machinery and equipment and approximately one-third (valued at $34,129.16) of the inventory of piece goods, goods in process and manufactured stock of the Klever Dress Company, from which partnership he had withdrawn.

Harry Hollinger carried on business as a manufacturer of dresses, purchasing silk and woollen piece goods from English, French, Swiss, United States and Canadian firms, and small quantities of made-up dresses in the United States, the latter being used, we understand, as patterns.

The name "Klover Dress Company" was registered on 10th June, 1925 (the date of dissolution of the Klever Dress Company partnership), by Jack Smith, Manufacturer, of the City of Montreal, and was transferred to Harry Hollinger on 28th July, 1825, who states he is the sole proprietor. This company carries on business in the same premises as Harry Hollinger and the affairs of both concerns are conducted by the same employees. It was the original intention to keep separate books of accounts for each firm but due to the close

relationship existing this was found difficult, with the result that the records of Klover Dress Company were merged with those of Harry Hollinger at the end of October, 1925, from which date only one set of records has been kept.

Books and Accounts

While the books and accounts produced were very poorly kept, vouchers were produced or satisfactory explanations obtained for most of the transactions shown therein. Certain information that we asked for concerning the inventories of goods on hand and sales of the firm was not available. A few of the General Ledger sheets are missing and the Sales Journal, which was in their office when we first saw their books and records on March 26, 1926, has not subsequently been produced for our inspection although we have asked for this book repeatedly. Mr. Hollinger states that it has been lost.

We made extensive tests of production by means of wages paid, materials purchased and sales recorded. So far as could be ascertained there does not appear to have been any suppression of purchases or sales.

Customs Duty

We compared all foreign purchases as recorded in the books and records with customs entries and clearances and these agreed, with some minor exceptions. We found certain payments to Mr. Ben Geltner of New York, amounting to $731.19, for which we saw no customs entries but Mr. Hollinger claims that these particular payments were for travelling and other expenses of himself and his wife, the money being advanced by Mr. Geltner and later repaid to him. We have no confirmation of this. On one shipment of goods from the same exporter sales tax amounting to $10.44 was not paid and on another purchase from the same exporter Mr. Hollinger claims that duty, amounting to $38.71, was levied and paid for by him on the train, the goods being brought into Canada by him personally, but he has produced no receipt for the duty paid. In a third case we found no record of duty paid on a shipment of goods valued at $99.50 from Mr. Geltner.

Sales Taxes

Mr. Hollinger informs us that the object of forming the Klover Dress Company was so that it could act as jobber, buying its goods from himself as manufacturer. In this way he would be enabled to save sales taxes, the taxes bing payable on the sale value of the goods from himself to the jobbing company instead of the value of the goods as sold by the jobbing company to the trade.

Owing to the merging of the books, however, the sales from him to the Klover Dress Company are not clearly set out. He appears to have made sales tax returns, but has only paid sales taxes on a very small portion of the total sales recorded in the books.

The records produced to us show sales by Klover Dress Company from—

June, 1925, to March, 1926, totalling..	$ 95,016.47
After deducting 20 per cent allowed by the Department to reduce the sales to a fair manufacturer's selling price, amounting to..	19,003.29
There remains..	$ 76,013.18
To which must be added taxable sales made by Harry Hollinger other than those to Klover Dress Company of..	1,248.97
Making a total of..	$ 77,262.15

Sales Tax on which, at 5 per cent, would be..	$ 3,863.11
The sales taxes paid during the same period amounted to..	581.58
Leaving an estimated amount of sales tax underpaid of..	$ 3,281.53

KLEVER KLOAK KO.

The proprietor of this business is Mr. H. Berkowitz who informs us that he commenced business in 1925 as a Clothing Manufacturer and continued until February, 1925, from which date he has conducted a retail business.

The investigation of this company is not completed and we can only therefore report on the work finished to date.

Books and Records

The books and records are very incomplete. It appears improbable at the present time that we shall receive more than a very few vouchers for expenditures and for purchases made and in addition many other records of the business are not now available.

Until the investigation is completed we are not able to state whether all customs duties have been paid or not. The company has made sales tax returns at regular intervals and these returns will be checked with the sales records of the company to see whether the full taxes payable have been paid.

A. GREENFIELD, REG'D.

This firm has been in business as a manufacturer of ladies' cotton dresses, kimonas, etc., for several years. In 1919 or 1920 the proprietor, Mr. A. Greenfield, died and from that date his widow, Clara Greenfield, has carried on the business. Mr. George Hollinger, her son-in-law, informs us that in 1923 she took him into partnership and that the partnership was registered in both names.

Books and Records

The cash book is not available prior to July, 1925, and the purchase invoices are missing prior to January, 1925. With these exceptions the books appear to be fairly complete, but as we have not completed our examination we are not yet in a position to state whether there are any other missing records.

This firm imports a very large proportion of its materials and we have listed all purchases from foreign vendors as shown by the invoices for the year 1925. We are at present engaged in checking these imports to the duties paid as shown in the records of the Customs Department. Upon completion of this check we shall be in a position to say whether this company has paid proper duties for the year 1925. It may also be possible by an examination of the purchase ledger and purchase journal and a comparison of these with the customs entries to state whether proper duties were paid in 1924.

The company has made sales tax returns and these are also being checked by us.

Respectfully submitted,

CLARKSON, GORDON & DILWORTH.

GEORGE HOLLINGER called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Hollinger, when was the Klever Dress Company that now exists, started?—A. At the very latter part of July, 1925.

Q. Before that, there was a Klever Dress Company?—A. Yes, sir.

Q. The last Klever Dress Company is a limited company?—A. Yes, sir.

Q. The former one was a partnership?—A. The former one was a partnership, yes.

Q. Where are the books of the former Klever Dress Company?—A. The books of the former Klever Dress Company were in possession of Mr. Day, the accountant.

Q. Are in his possession?—A. I understand the accountants have received the books from him.

Q. The cancelled cheques are missing. What has become of those?—A. The firm dissolved in July, 1925, and they were all left there.

Q. Where?—A. In the old premises.

Q. You do not mean to say that you left cheques, which were important records of your firm, undestroyed in the old premises?—A. We had practically cleaned up all our liabilities, and the cheques and other papers I did not quite think they were valuable enough to save them.

Q. Why did you not destroy them instead of leaving them in the old premises?—A. Because Mr. Day had certain items to wind up, and he occasionally went in there to look up certain records which he required.

Q. Where are the old premises?—A. 149 St. Catherine St.

Q. Are the cheques there yet?—A. That is more than I can say.

Q. Is that place occupied now?—A. It is occupied, yes.

Q. So when you left these premises, you left all your cheques and vouchers there, although you say your accountant had to go back and consult them from time to time?—A. Quite so.

Mr. BELL: This probably was around Christmas time.

Mr. CALDER, K.C.: That sounds a little silly to me.

The WITNESS: The place was empty, and all the books were there under lock, and whenever Mr. Day, our accountant, required to go in there, he would get the key from Mr. Harry Hollinger, and get the books.

By Mr. Calder, K.C.:

Q. Would it not have been more simple to bring the books to the new premises, and have the accountant walk from one desk to another to consult them?—A. Mr. Harry Hollinger was somewhat interested in this affair, and since he remained in the old premises, he wanted them there.

Q. That is a better explanation. Would Mr. Harry Hollinger still have those books?—A. We are not on very friendly terms, Mr. Calder.

Q. And the same is true, I suppose, of the purchasing and general journals, the sales records, and the old invoices? Those were left on the old premises?—A. Everything was left there.

Q. Where did the Miracle Dress Company do business?—A. In Montreal.

Q. At what premises?—A. In the premises that the books were left in, also at 149 St. Catherine street.

Q. Where are the cheques of the Miracle Dress Company?—A. They were left there, with all the rest of the records.

Q. So that the Miracle Dress Company's cancelled cheques, purchase journal and sales records, and a majority of the invoices, were left with Harry Hollinger at 149 St. Catherine street?—A. They were left in the vacant premises that the Miracle Dress Company used to occupy.

Q. Did you sell any furniture when you left those premises?—A. We had some furniture there, but I did not look after the selling of it.

Q. Do you know whether any of it was sold to Mr. Nadler?—A. I have not sold any, Mr. Calder.

Q. Did you ever state that these records had been left in Mr. Nadler's desk, and when he sold the desk that is the way they were lost?—A. I have not made any statement, Mr. Calder.

Q. Can you tell us approximately how much sales were made by the Klever Dress Company in 1923?—A. Mr. Harry Hollinger would be better able to explain that.

Q. Tell us whether you remember?—A. I cannot say.

Q. About?—A. I have no idea.

Q. Within a thousand dollars?—A. (No audible answer).

Q. Within five thousand dollars?—A. That was principally looked after by Mr. Harry Hollinger.

Q. I know, but you had an interest in it; you must recollect how much money you made? Surely you remember that fairly well?—A. I remember we did not make any money, and it was not so much to remember.

Q. You made some sales, did you not, Mr. Hollinger?—A. Not all sales are profitable, Mr. Calder.

Q. What sales did you make?—A. What year?

Q. 1923?—A. In 1923 I was not connected with the firm at all, and I was not interested to any extent.

Q. You cannot tell us what sales tax was paid on these sales?—A. (No audible answer).

Q. When did you become interested in the Klever Dress—the old company? —A. In 1924, I believe.

Q. When did the Miracle Dress Company commence business?—A. In 1924.

Q. What month?—A. I believe in February of 1924—January or February.

Q. But the books begin in January?—A. January or February; I just recall that.

Q. What sales has the Miracle Dress Company made since it began business? For how much?—A. I suppose the books will show that much better than I can.

Q. I am asking you?—A. I cannot say offhand.

Q. About how much?—A. What year?

Q. From the beginning until now?—A. I figure about $120,000 or $130,000. I would not like to say definitely.

Q. Do you know what taxes were paid on the sales?—A. There were a good deal of the sales of merchandise to non-taxable firms, resold to licensed manufacturers.

Q. Is it not a fact that you did not pay sales tax on a great majority of those sales?—A. I would not say that. I know there is a certain amount of taxes due to the Department, and the books—that is, there were a certain amount of liabilities outstanding, and I was waiting to collect them to remit what balance I owed. Just what the amount is, I have not made up.

Q. Mr. Nash mentioned to you an amount of $6,000 as being outstanding. Is that probably right?—A. I would not say it would be that, Mr. Calder. There is an amount I know is due, but I have not had an opportunity to fix the exact amount to remit to the Tax Department.

Q. The auditors have found entries in the ledger account of the Miracle Dress Company showing importations from foreign vendor firms for $7,410.46. They then went down to the Customs, but they could find no corresponding Customs clearances. How do you explain that?—A. There were certain—two shipments, I believe, from a Swiss firm, which goods we refused to accept.

Q. Do those cover $7,410?—A. They were fairly large shipments.

Q. So that would account for that?—A. Yes.

Q. You refused to accept them?—A. Yes, sir.

Q. What happened to them?—A. I believe the agent was instructed to return the goods.

Q. What was the name of that Swiss firm?—A. Just Lang and Company.

Q. Where are your accounts with foreign exporters in the purchasing ledger, of the Miracle Dress?—A. They must be in the ledger.

Q. The auditors report that they are not. For instance, they have not found the account of Ashcroft, Wolsten, Holmes, of Manchester. Where is that account? Can you point it out in the ledger?—A. It may have been passed through as a cash purchase, from these people, because it was the only purchase we ever made from them.

Q. A cash purchase from a foreign exporter, and it would not go through your ledger?—A. It may have been posted direct to the cash.

Q. May have been? Was it?—A. Most likely it was.

Q. Is that the way you usually do business?—A. There are certain people who do not draw against us. When a draft is drawn on us, we post it at the maturity date, at its due date, but when no draft is drawn, the account is left open until the time it is actually paid, and then it is posted in the Cash Book.

Q. So when they draw against documents, you consider that a cash sale?—A. Yes.

Q. Is that true of the Manchester Velvet Company?—A. I cannot remember whether they drew against a document, but it must have been paid on the due date, and passed as a cash transaction, right through the Cash Book.

Q. Is that true also of the Penn Terminal Textile Company?—A. Yes.

Q. And Haas Brothers?—A. Yes.

Q. And Elworthy Brothers?—A. Yes.

Q. It is true of them?—A. It would be.

Q. Why have your customers' accounts been removed from the Miracle ledger?—A. The customers' accounts?

Q. Yes.—A. Not that I know of, Mr. Calder.

Q. Well, the index shows a certain number of customers' accounts.—A. It may have been an old index that I have gotten instead of buying a new one, and they may have nothing to do with the firm at all.

Q. The Miracle Dress Company only ran for nineteen months. This would not be a very old account?—A. No. I say I may have gotten the indexes from some other business altogether.

Q. So that is your explanation?—A. Yes, sir.

Q. You have not any transfer binders where you put these accounts?—A. No, sir.

Q. Did you make income tax returns?—A. Yes, sir.

Q. Where is your triplicate of the income tax return?—A. I have them at my office.

Q. Did you produce them to the— —A. I was never asked for them.

Q. You were never asked for your income tax returns?—A. No, sir.

Q. Why were they not in your records? The accountant went over the records, but he did not find them. Where were they? Set apart?—A. The returns of the income?

Q. Yes.—A. The chances are I have not paid them yet.

Q. You have not paid them, but you made out an account?—A. No, I have no account in the books of payments.

Q. Have you not your income return form—one triplicate of that?—A. All those forms for previous years—I have not got those as well as I have not got some of the other vouchers or records. I have the forms for which I am to remit to the Income Tax Department.

Q. What was your share of the assets of the old company?—A. Thirty odd thousand.

Q. Was it in goods or cash?—A. In merchandise.

Q. How much income tax were you assessed in the various years? Take 1925, for instance.—A. I don't believe we ever gave a return for 1925, because the books for 1925 were in the possession of the accountants.

Q. Well, for 1924?—A. I believe I was assessed about $8,000.

Q. That is, you had to pay $8,000 taxation?—A. No, it was not $8,000—

Q. Your net income was assessed at $8,000?—A. Yes, sir.

Q. Did you sell these goods which you got as your share?—A. Well, I have sold a good part of them to licensed manufacturers or jobbers, and they are accounted for in the records of Hollinger and Packer.

Q. Did you pay sales tax on them?—A. If they are licensed people, we do not have to, because it is eventually recorded.

Q. Why were the sales by Hollinger and Packer, or the Klever Dress Company not recorded in the books?—A. We had the sales recorded.

Q. In Hollinger and Packer's books?—A. Yes.

Q. Were they fully recorded?—A. They are in the same premises. To explain how it was worked, and the idea of the thing,—they may be taking in a certain amount of dresses to show a customer, and they may be brought back to-morrow. We record all at the end of two or three months, when our season is completed. The factory has a record of how many they sent us, and we take a record of what we have sold to these people, and that is how we determine the exact amount that Hollinger and Packer sent in to the Klever Dress Company.

Q. Now, do you remember when the auditors went to your premises, these were not recorded as purchases in the books of the Klevr Dress Company at all, were they?—A. They were recorded, sir.

Q. Well now, listen. The auditor reports they were not, Mr. Hollinger?—A. Sales from Hollinger and Packer to the Klever Dress Company, Limited?

Q. Yes, recorded as purchases in the books of the Klever Dress Company?—A. They are in the records of the Klever Dress Company.

Q. As purchases?—A. A good amount, if not all. A certain amount of it would be accounted for at the end of the season.

Q. There were no records at all of purchases made by the Klever Dress Company, from Hollinger and Packer?—A. That is myself.

Q. That is what it says in the auditors' statement?—A. They have overlooked it, because there are a few thousand dollars each month from Hollinger & Packer to the Klever Dress Company, Limited. That must have been overlooked in the report of the auditors.

Q. I am instructed that all that is shown in the books, according to the auditors, are the cash transfers, and sales, or debits, are not entered?—A. The sales are absolutely there, unless the auditors have just omitted that in their reports. They have sales from Hollinger and Packer to the Klever Dress Company, Limited. There are remittances made from the Klever Dress Company, Limited, to Hollinger and Packer in payment of goods.

Q. Payments of Klever Dress Company are not registered, except as paid for?—A. The sales are there.

Q. In what shape?—A. In actual form of sales, through the charge book from Hollinger and Packer to the Klever Dress Company, Limited.

Q. Do you remember the auditors discussing with you an item of $1,739.34, some of which amount was payments made to United States vendors, for which there was no corresponding Customs clearance?—A. I do not remember having been asked anything about that.

Q. Now you are asked, how do you explain it?—A. If I could see the individual items, I may be able to tell you what they are.

Q. One is dated June 10, 1025, a credit to Siegfried Fantl of New York, of $49?—A. That must have been in payment of some goods we bought from those people which had been cleared through the Customs.

Q. How is it there is no Customs clearance corresponding with that payment?—A. We did not pay the man in full for the invoice; we may have paid some on account; and paid some other account to square the thing up.

Q. You have on November 18th a payment of $250; December 10th, $250; by cash September 16th, $173.18, October 22nd, $219.10, January 22nd, 1926,

$339.75, February 25th, $398.30. Those like exact amounts remitted against invoices, do they not?—A. They must have been in payment for merchandise bought, yes.

Q. And that must have been confirmed by some invoice, because the sum of $398.30 would be a remittance against an invoice, would it not?—A. There were some remittances made, Mr. Calder.

Q. You see, if we had your cheques for these remittances, it would be easier to make it out?—A. I wish I had them, Mr. Calder. I remember, out of a hundred vouchers, there were probably four or five that were not to be found. And all these here aggregate a very small amount. We have gone through our records that we have at our disposal, and correspondence. The auditors may have a report that we have given them every assistance we possibly could in finding what was essential, what they actually wanted.

Q. There are five or six cheques missing, that happen to be the very cheques that would explain this item?—A. If I know the names of those you have there, to whom the cheques were issued, I would be able to tell you.

Q. They are charged in your book to cash purchases, and apparently you did business in that way; when you paid drafts against documents attached, attached a cheque to the draft, I suppose you considered that as a cash payment?—A. It may have been local purchases, Mr. Calder.

Q. You cannot tell us with regard to February 25th; that is not so long ago?—A. It is not so long ago. There are a good many items there.

Q. When the auditors went to your place, it was very near February?—A. Quite so. I explained to the auditors everything I could possibly tell them, and that I knew positively of.

Q. In the recapitulation made by the auditor, it states that Mr. George Hollinger could not give any information regarding those payments, as he could not recall to whom they were made?—A. If I had the name of the voucher, I could explain easier the payment.

Q. Did Mr. Nash, this morning, tell you that there was a considerable amount of sales tax unpaid?—A. Yes, sir.

Q. You admitted that?—A. I admitted owing sales tax; just the exact amount, I am not prepared to state. If the auditors found there is an amount owing, I would be pleased to have it verified; and if there is anything owing it will be looked after. But, to my mind, there should not be anything near that amount.

Mr. CALDER, K.C.: That is all.

The CHAIRMAN: You are discharged.

Witness discharged.

Miss E. BERNSTEIN, called and sworn.

By Mr. Calder, K.C.:

Q. Are you in the employ of the Klever Dress Company?—A. Not of the Klever Dress Company, at the present.

Q. Will you look at the sales journal for 1925, and state whether that is in your handwriting?—A. Yes, sir, it is.

Q. That forms part of the record of which firm?—A. That is a private record from the 1st of January, 1925. At that time, Hollinger and Packer, that is the Klever Dress Company, decided to dissolve, and Mr. H. Hollinger put aside a certain amount of goods he said were to be his. He asked me to keep a special record for him on the settlement of those goods. I did that from the time to the time the firm dissolved until the winding up time.

Q. Your sales journal is a record of the disposal of goods which went to Mr. Harry Hollinger, when the old Klever Dress Company was broken up?—

A. No, this was before; at the time they decided to dissolve. Mr. Hollinger wanted his share to be given to him at the end. That was not the total amount.

Q. I do not understand. Is it a record of the old Klever Dress Company?—A. Yes, it is a private record for Mr. Hollinger; it is not a private record exactly, but for his own use.

Q. To permit him to keep tab on his own interest in it; is that it?—A. Yes, that is it.

Q. Will you look at this ledger, and tell me whether it is in your handwriting?—A. Yes, it is.

Q. Whose record is this?—A. These were all together.

Q. These were records for the use of Harry Hollinger?—A. Yes, sir.

Q. The three books shown to you this morning?—A. Yes.

Q. Sales Journal, Ledger and Cash book?—A. Yes.

Q. That is your handwriting?—A. Also.

Q. You state these three books were private records kept for Mr. Harry Hollinger, in order that he might follow the operation of the old Klever Dress Company?—A. These are not the entire sales of the firm; these are just of that part of the goods he wanted to keep a record of, that was set aside for his share.

Q. What was the idea of keeping a part record of the sales?—A. That is not a part record of the sales; it is that part he decided to keep for himself. At the dissolution of the firm, everything was to be settled up, and divided; he was to be given credit for these goods.

Q. He was to be given credit for what?—A. For the amount of the sales.

Q. What was the idea of setting up a new set of books?—A. Well, he wanted it.

Q. He did not give any explanation why?—A. I did not ask him. When you work for people, you do what they ask you to.

Q. That is a very good idea, too. Whose bank account does this cover? There is a balance shown there. Whose bank account is that?—A. I liked to balance those up.

Q. Whose bank balance does that show?—A. I would total a page up.

Q. Whose bank account is it that shows a balance on January 1, 1925, of $1,395.63? Is it the Klever Dress Company's bank account, or the private bank account of Harry Hollinger?—A. I can't remember that far; I can't just remember what that was.

Mr. CALDER, K.C.: That is all.

The CHAIRMAN: You are discharged.

Witness discharged.

HARRY HOLLINGER, called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Hollinger, where are the books of the old Klever Dress Company, Limited?—A. In the possession of the liquidator.

Q. Who is the liquidator?—A. Henry Day.

Q. When you went into liquidation, did you give all the records to Mr. Day?—A. Yes, sir.

Q. Including the cancelled cheques?—A. Yes, sir.

Q. Purchase journal?—A. Yes.

Q. General journal?—A. Yes, sir.

Q. Sales ledger?—A. Yes.

Q. And purchase invoices?—A. Yes, sir.

Q. And will he have them yet?—A. He should.

Q. Was the old Klever Dress Company wound up completely, and settled out?—A. Not completely.

Q. Is it still in process of settlement?—A. Still in process.

By the Chairman:

Q. When did that firm go into liquidation?—A. About July, 1925.

Q. You had no books stolen?—A. No, not to my knowledge.

By Mr. Calder, K.C.:

Q. Do you remember getting Japanese goods cleared through Drummondville, Quebec?—A. I have no such memory.

Q. Did you sell Japanese goods there?—A. No.

Q. Did you buy any?—A. Not to my knowledge.

Q. You do not remember the amount of $881?—A. No, sir.

Q. Who is Ben Geltner, of New York City?—A. A jobber,

Q. What was the payment for, amounting to $467.54, made by cheque to Ben Geltner on October 17, 1925?—A. The only thing I would buy, sir, is a few samples.

Q. Samples of what?—A. Ladies' dresses.

Q. That is, made-up dresses?—A. Made-up dresses.

Q. Would that also explain the item of $152.95 of December 7?—A. I suppose so.

Q. And the item of $138.19 of December 10th?—A. Whatever records are on the books.

Q. Are they all for payments of dress samples?—A. Made-up stuff.

Q. Did the Klever Dress Company purchase all those products from H. Hollinger?—A. No, sir.

Q. What other furnishers did they have?—A. I think you have got that all wrong there; you may have it wrong. I have nothing to do with "Klever" to-day; it must be "Klover," there.

Q. It is "Klover"?—A. That is right, it is in Klover now.

Q. Can you tell me what the sales of the H. Hollinger Company to the Klover Dress Company amounted to?—A. I can't say offhand.

Q. Approximately?—A. I can't say offhand, unless I see the figures.

Q. Approximately; within $5,000?—A. $5,000 is a lot of money.

Q. You ought to be able to hit it within $5,000?—A. I have no knowledge.

Q. Tell us as if you were telling somebody, say at the club, or if you were somebody on St. Lawrence Street what you made?—A. Well, it wouldn't be my motto to boast of what I made; I would mind my own business.

Q. Yes, as a business man, know too well for that?—A. I don't know; you may have me wrong.

By the Chairman:

Q. Business is rotten?—A. Business is rotten, as usual.

By Mr. Bell:

Q. We do not want to have you wrong, but want you to feel you are doing the best you can to help the Committee by giving the information you have got?—A. I would gladly give all the information possible, but I cannot make a statement I am not sure of.

By Mr. Calder, K.C.:

Q. What sales taxes did you pay?—A. The records will show.

Q. I suppose they will, but I am asking you now?—A. I can't say offhand. If you show me that——

Q. Give us an approximate sum.

Mr. CALDER, K.C.: Mr. Chairman, I think the witness could be made to state it.

Mr. BELL: No doubt he could.

Mr. CALDER, K.C.: Within a certain limited amount.

By the Chairman:

Q. If I were to say a million dollars, what would be your answer; that it was an error?—A. You have forced me to say; I will give you any amount.

Q. About?—A. About $2,000—$1,500.

By Mr. Calder, K.C.:

Q. In what period of time?—A. Within a period, I think, of ten months or eight months.

Q. Is there any sales tax outstanding?—A. I think there is.

Q. Did you make out income tax reports?—A. I did.

Q. When was the last one you made?—A. Last year.

Q. What was your net income?—A. I do not remember.

Q. Where are your own copies of the Income Tax Return?—A. They must be filed with the Income Tax people.

Q. You keep one copy for yourself, do you not?—A. I would not keep one for myself.

By Mr. Bell:

Q. Never did, any year?—A. Never did; I am only about eight months in business, so I cannot give you any more than I am telling you.

Q. You told us you never had a return at all until this last time.—A. Last year was when I was connected with the old firm, and I remitted my tax.

By the Chairman:

Q. The new firm?—A. The new firm has not reported; it was just started.

Q. It is only growing?—A. Yes, it may.

Witness discharged.

HENRY DAY called and sworn.

By Mr. Calder, K.C.:

Q. Are you an authorized trustee?—A. No, sir.

Q. Are you an accountant?—A. Yes.

Q. Was the Klever Dress Company, the old company; was it wound up voluntarily?—A. Yes, just a separation of partnership.

Q. Did you receive the books in order to straighten out the concern?—A. The books were left in a room at 149 St. Catherines Street West with a lock and key and when I wanted to get access I used to get the key from the office.

Q. Were you the only one that had a key?—A. No, I used to return the key to the office.

Q. Where to?—A. Klever Dress Company.

Q. At 149 St. Catherines Street?—A. Yes.

Q. Did you make a list of the books that were there at any time?—A. No.

Q. Were all the cancelled cheques there?—A. Yes.

Q. At the time you took over what cancelled cheques corresponding to the bank account were there?—A. All up to 23rd July.

Q. 1925?—A. Yes.

Q. They were all there?—A. Yes.

Q. Was the purchase journal there?—A. All the books were there.

Q. I would like the items, in order to ascertain the missing books. Was the purchase journal there?—A. Yes.

Q. A general journal?—A. Yes.

Q. Sales records?—A. Yes.

Q. Purchase invoices were there complete?—A. I could not say they were complete. There were several purchase invoices there.

Q. Would you say a large majority were there?—A. Yes.

Q. When did you cease having any supervision or control over these?—A. I was asked by Messrs. Clarkson to let them have the books and I handed over what I had in my own office. There were one or two things I took down.

Q. Was it you that handed over the books that were still at 149 St. Catherines?—A. Yes.

Q. You handed them over?—A. Yes.

Q. Were they complete, as you had known them to be?—A. Yes.

Witness discharged.

Mr. CALDER, K.C.: Mr. Chairman, at the time the John Gaunt Company was under examination, certain details were asked for which Mr. Nash now files in three sections, namely total analysis of invoices produced to auditors, sections 1, 2 and 3.

The CHAIRMAN: File that.

Mr. CALDER, K.C.: The invoices are in the hands of Mr. Nash.

Mr. BELL: I want to ask Mr. Nash one question, something that has been worrying me about that case. Do you remember, Mr. Nash, hearing it said there were some invoices that Mr. Porteous had seen afterwards at the premises of the company when the bulk of the invoices were removed? Do you know if there was a possibility that there were any considerable number, or would these be very few?

Mr. NASH: I understand, very few.

Mr. BELL: Not enough to materially affect the investigation that you made?

Mr. NASH: No, I understand very few.

The CHAIRMAN: That exhausts the orders of the day.

Mr. CALDER, K.C.: I wish to file and request to have printed into the record the Treaty between the United States and Canada for the suppression of smuggling operations. It reads as follows:—

File 121348. No. 63.

EXHIBIT No. 232

MEMORANDUM

Department of Customs and Excise, Canada

OTTAWA, September 30, 1925.

To Collectors of Customs and Excise and Others Concerned:

CANADIAN-UNITED STATES TREATY FOR SUPPRESION OF SMUGGLING AND FOR OTHER PURPOSES. DATED JUNE 6TH, 1924.

Herewith is printed for your information and guidance the "Treaty for the Suppression of Smuggling Operations along the International Boundary between the Dominion of Canada and the United States and Assisting in the Arrest and Prosecution of Persons Violating the Narcotic Laws of either Government and for Kindred Purposes" together with Order in Council (P.C. 1743) dated 23rd September, 1925, under and by virtue of Chapter 54, Statutes of Canada 1925, making Regulations to give effect to the Treaty.

While you will note these Regulations have effect in so far only as they relate to Canada or are intended to govern officers or employees of the Government of Canada, similar Regulations or Orders are being issued by United States authorities to govern officers or employees of that country.

You are asked to familiarize yourselves thoroughly with the provisions of this Treaty and Regulations *in order that the fullest co-operation authorized thereby may exist between the respective officers of the two Governments in giving effect to the Treaty.*

R. R. FARROW,
Deputy Minister of Customs and Excise.

TREATY

For the Suppression of Smuggling Operations along the International Boundary between the Dominion of Canada and the United States and Assisting in the Arrest and Prosecution of Persons Violating the Narcotic Laws of either Government and for Kindred Purposes.

His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India, in respect of the Dominion of Canada, and the United States of America *being desirous of suppressing smuggling operations along the boundary between the Dominion of Canada and the United States of America* and of assisting in the arrest and prosecution of persons violating the narcotic laws of either Government, and of providing as to the omission of penalties and forfeitures in respect to the carriage of alcoholic liquors through Alaska into the Yukon territory, *have agreed to conclude a Convention to give effect to these purposes* and have named as their Plenipotentiaries:

His Britannic Majesty, in respect of the Dominion of Canada: The Honourable Ernest Lapointe, K.C., a member of His Majesty's Privy Council for Canada and Minister of Justice in the Government of that Dominion; and

The President of the United States of America: Charles Evans Hughes, Secretary of State of the United States;

Who, having communicated to each other their respective full powers, which were found to be in due and proper form, have agreed upon the following articles:

ARTICLE I

The High Contracting Parties agree that the appropriate officers of the Governments of Canada and of the United States of America respectively *shall be required to furnish upon request* to duly authorized officers of the other Government, *information concerning clearances of vessels or the transportation of cargoes, shipments or loads of articles across the international boundary when the importation of the cargo carried or of articles transported by land is subject to the payment of duties; also to furnish information respecting clearances of vessels to any ports when there is ground to suspect that the owners or persons in possession of the cargo intend to smuggle it into the territory of Canada or of the United States.*

ARTICLE II

The High Contracting Parties agree that clearance from Canada or from the United States shall be denied to any vessel carrying cargo consisting of articles the importation of which into the territory of Canada or of the United States, as the case may be, is prohibited, when it is evident from the tonnage, size and general character of the vessel, or the length of the voyage and the perils or conditions of navigation attendant upon it, that the vessel will be unable to carry its cargo to the destination proposed in the application for clearance.

ARTICLE III

Each of the High Contracting Parties agrees with the other that property of all kinds in its possession which, having been stolen and brought into the territory of Canada or of the United States, is seized by its customs authorities shall, when the owners are nationals of the other country, be returned to such owners, subject to satisfactory proof of such ownership and the absence of any collusion, and subject, moreover to payment of the expenses of the seizure and detention and to abandonment of any claims by the owners against the

customs, or the customs officers, warehousemen or agents, for compensation or damages for the seizure, detention, warehousing or keeping of the property.

ARTICLE IV

The High Contracting Parties reciprocally agree to exchange information concerning the names and activities of all persons known or suspected to be engaged in violations of the narcotic laws of Canada or of the United States respectively.

ARTICLE V

It is agreed that the customs and other administrative officials of the respective Governments of Canada and of the United States shall upon request be directed to attend as witnesses and to produce such available records and files or certified copies thereof as may be considered essential to the trial of civil or criminal cases, and as may be produced compatibly with the public interest.

The cost of transscripts of records, depositions, certificates and letters rogatory in civil or criminal cases, and the cost of first-class transportation both ways, maintenance and other proper expenses involved in the attendance of such witnesses shall be paid by the nation requesting their attendance at the time of their discharge by the court from further attendance at such trial. Letters rogatory and commissions shall be executed with all possible despatch and copies of official records or documents shall be certified promptly by the appropriate officials in accordance with the provisions of the laws of the respective countries.

ARTICLE VI

The following offences are added to the list of offences numbered 1 to 3 in Article I of the Treaty concluded between Great Britain and the United States on May 18, 1908, with reference to reciprocal rights for Canada and the United States in the matters of conveyance of prisoners and wrecking and salvage, that is to say:

4. Offences against the narcotic laws of the respective Governments.

ARTICLE VII

No penalty or forfeiture under the laws of the United States shall be applicable or attached to alcoholic liquors or to vessels, vehicles or persons by reason of the carriage of such liquors when they are in transit under guard by Canadian authorities through the territorial waters of the United States to Skagway, Alaska, and thence by the shortest route, via the White Pass and Yukon Railway, upwards of twenty miles to Canadian territory, and such transit shall be as now provided by law with respect to the transit of alcoholic liquors through the Panama Canal or on the Panama Railroad, provided that such liquors shall be kept under seal continuously while the vessel or vehicle on which they are carried remains within the United States, its territories or possessions, and that no part of such liquors shall at any time or place be unladen within the United States, its territories or possessions.

ARTICLE VIII

This Convention shall be ratified, and the ratifications shall be exchanged at Washington as soon as possible. The Convention shall come into effect at the expiration of ten days from the date of the exchange of ratifications, and it shall remain in force for one year. If upon the expiration of one year after the Convention shall have been in force no notice is given by either party of a desire to terminate the same, it shall continue in force until thirty days after

either party shall have given notice to the other of a desire to terminate the Convention.

In witness whereof, the respective Plenipotentiaries have signed the present Convention in duplicate and have thereunto affixed their seals.

Done at the city of Washington this sixth day of June, one thousand nine hundred and twenty-four.

(Sgd.) ERNEST LAPOINTE.

(Sgd.) CHARLES EVANS HUGHES.

P.C. 1743

Privy Council, Canada

AT THE GOVERNMENT HOUSE AT OTTAWA

SATURDAY, the 26th day of September, 1925.

PRESENT:

HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL

Whereas by Chapter 54 of the Statutes of Canada, 1925, the Governor in Council is authorized to make such orders and regulations as are deemed necessary to carry out the provisions and intent of the Treaty signed on 6th June, 1924, between His Majesty in respect of Canada, and the United States of America, for the suppression of smuggling operations and for other purposes;

And Whereas upon the invitation of the United States Government representatives of the several departments concerned at Ottawa attended at Washington to confer with officials of the United States Government before framing the requisite regulations to give effect to the Treaty;

And Whereas at the said conference, which was held on the 20th, 21st and 22nd days of August, 1925, it was considered that it would be a convenience to the officers and employees affected thereby *if the regulations of both countries were made in similar form so as to apply indifferently to either country,* it being understood that each country in enacting the regulations would provide in terms that they would apply to and govern only the territory and officials of such Government, and that they would be subject to be varied or revoked as occasion might require, and—

Whereas, pursuant to said understanding the Canadian representatives expressed their willingness to recommend the enactment of orders and regulations in the form hereinafter set out, and have made their recommendation accordingly.

Therefore His Excellency the Governor General in Council, on the recommendation of the Minister of Justice, and under and by virtue of the provisions of Chapter 54 of the Statutes of Canada, 1925, is pleased to make and doth hereby make the following orders and regulations, to have effect in so far only as they relate to Canada or are intended to govern officers or employees of the Government of Canada.

ARTICLE I OF THE TREATY

Section 1.—The officers authorized to furnish, request and receive information as provided in Article I of the Treaty shall be as follows:—For the Dominion of Canada, the Deputy Minister of Customs and Excise, the Chief Customs-Excise Preventive Service and Collectors of Customs and Excise; for the United States of America, Consuls, Collectors of Customs and United States District Attorneys. In addition, other officers may be designated and authorized, for Canada, by the Minister of Customs and Excise, and for the United States by the Secretary of the Treasury or the Attorney General.

Section 2.—Advance or immediate information respecting the clearance of vessels to any port shall be so furnished where there is reasonable ground to suspect that the owners or persons in possession of the cargo intend to smuggle or illegally introduce it into Canada or the United States. It shall be the duty of any such officer of either government having reasonable ground to suspect an intent to smuggle or illegally introduce any merchandise into the other country, immediately to inform by telegram or telephone, at the expense of the receiving government, the appropriate officer of such government, as provided in Section 1. Arrangements may be made to furnish such information to a specially-named officer when it is deemed advisable to do so.

Section 3.—For the purpose of Section 2, reasonable ground to suspect an intent to smuggle or unlawfully to introduce goods or merchandise shall be deemed to exist not only when the officers of the country from which the goods are being conveyed suspect that unlawful operations are contemplated but also when the Minister of Customs and Excise, for Canada, or the Secretary of the Treasury, for the United States, or the duly authorized representative of either, certifies, one to the other, that he has reasonable grounds for believing that such vessel or the owner or possessor of its cargo or of such goods or merchandise is engaged in or about to engage in such unlawful operations.

Section 4.—All information furnished under the provisions of this article of the Treaty shall be for official use only and may be designated as confidential by the officer furnishing it. The source of all information furnished as confidential shall not be disclosed without the consent of the officer who furnished it and any officer who violates the provisions of this section will be subject to severe disciplinary action.

ARTICLE II OF THE TREATY

Collectors of Customs and Excise of Canada and Collectors of Customs of the United States will refuse to clear any vessel in accordance with the provisions of Article II of the Treaty. Lists of articles, the importation of which is prohibited and to which it is desired that the provisions of Article II shall be applied, will be exchanged between the Minister of Customs and Excise of Canada and the Secretary of the Treasury of the United States.

ARTICLE III OF THE TREATY

Section 1.—A national of the United States or of Canada desiring to make claim under the provisions of Article III of the Treaty shall file a petition with the Minister of Customs and Excise or the Secretary of the Treasury, as the case may be, setting out the facts and making request for the return of the property.

Section 2.—The claimant must produce evidence of his ownership and of the absence of collusion on his part in the theft of the property.

Section 3.—Upon the submission of satisfactory evidence, the return of the property will be authorized by the appropriate official, provided the claimant pays to the Collector of Customs or Collector or other proper officer of Customs and Excise, as the case may be, all expenses incurred in the seizure and detention of the property and files in writing a waiver and release of all possible claims for compensation and damages incident to the seizure and detention of the property against the Government and any and all Government officers involved.

Section 4.—Customs officials of the United States or Customs and Excise officials of Canada will give assistance to the nationals of the other Govern-

ment by permitting the inspection by such nationals of property under seizure, provided the Customs or Customs and Excise officials are satisfied that such requests for inspection are made in good faith. When such stolen property is identified, such nationals will be furnished, so far as known, with the names and descriptions of persons from whom the property was seized and other persons who have had possession of such property subsequent to the theft thereof.

ARTICLE IV OF THE TREATY

Section 1.—The information to be exchanged under Article IV of the Treaty shall be the name, and, where available, the description, Bertillon measurements, finger-prints, photograph, and record, or other relevant information regarding the following persons:—

(*a*) Every person known or suspected to be engaged or about to engage in smuggling or unlawfully importing narcotic drugs from the United States to Canada, or *vice versa*.

(*b*) Every person arrested for smuggling or unlawfully importing or bringing any narcotic drugs into the United States from Canada, or *vice versa*.

(*c*) Every person arrested in the United States or in Canada for a serious violation of the narcotic laws of either government, if there is reasonable ground for believing that such person has unlawfully imported or brought in narcotic drugs.

Section 2.—This information shall be exchanged between the Head, Narcotic Division, Prohibition Unit, Washington, D.C., and the Chief Narcotic Division, Department of Health, Ottawa, Canada.

Section 3.—If prompt information is necessary to enable the officers of either government to apprehend a person in the act of smuggling or unlawfully importing narcotic drugs, it may be communicated to the appropriate officers of the other government by mail, or, if necessary, by telegraph or telephone, at the expense of the government receiving the information. A report containing the substance of the communication shall be mailed to the officers named in section 2.

ARTICLE V OF THE TREATY

Section 1.—In case documentary evidence or the testimony of any officer or employee of the United States is desired in Canada under the provision of Article V of the Treaty, request therefor will be made by the appropriate officer of the Canadian Department of Justice through the Consul General of the United States at Ottawa, to the Secretary of State, who will transmit the request to the head of the department or independent organization of the United States Government having such evidence or employing such official. After consideration thereof, the head of the department or independent organization will make the appropriate order in the premises.

Section 2.—In case documentary evidence or the testimony of any official of Canada is desired in the United States under the provisions of Article V of the Treaty, request therefor will be made by the proper officer of the Department of Justice to the Secretary of State, who will transmit it through the Consul General of the United States at Ottawa to the minister of the Canadian Government under whom the documentary evidence is to be found or the officer or employee is employed. After consideration thereof the minister will make the appropriate order in the premises.

Section 3.—Whenever any officer or employee of the United States is required to go to Canada under the provisions of Article V of the Treaty, and

whenever any Canadian officer or employee is likewise required to go to the United States, transportation from his official station to the place to which he is required to go, or sufficient money to pay the same, shall be furnished to him by or on behalf of the Government requesting his attendance before he leaves his official station. All other expenses required by Article V to be paid by the requesting nation shall be paid in full before he departs from the place at which his testimony was required.

ARTICLE VI OF THE TREATY

Section 1.—If, under Article VI of the Treaty, a narcotic agent or other officer of either the United States or Canada desires to convey a prisoner charged with an offence against the narcotic laws of his own Government across the territory of the other Government, as provided by the Treaty of May 18, 1908 (35 U.S. Stat. Part 2, p. 2035), he may, in having the warrant or process endorsed, or backed, by a judge, magistrate or justice of the peace, or in obtaining the authority of the Secretary of State or of the Minister of Justice, as the case may be, at the expense of his own Government, call upon the nearest United States attorney or the Department of Justice of Canada for advice and assistance.

Section 2.—A United States attorney or the Department of Justice of Canada, so called upon by a narcotic agent or other officer of either Government, will give advice and render assistance in accordance with the law and the Treaty of May 18, 1908.

ARTICLE VII OF THE TREATY

Section 1.—When a shipment of liquors is to be made to Canadian territory under Article VII of the Treaty, a full description of the packages, and contents thereof, will be furnished by Canadian authorities to United States customs authorities at Skagway, Alaska. A second copy thereof will be delivered to and retained by the master of the vessel having such liquors on board for transportation.

Section 2.—Said shipment, consisting of the packages as listed and described in the document furnished as required by section 1, will be locked securely in a separate and safe compartment on the vessel transporting the same from the Canadian port to Skagway, Alaska, and the owners and master of the vessel, under penalties of the law of Canada and of the United States, will be responsible for the safe delivery of said liquors to Skagway, Alaska.

Section 3.—Before leaving Canada, said compartment will be placed under Canadian and United States customs seals, and remain under the two seals continuously until the vessel arrives at its destination at Skagway.

Section 4.—The shipment will be accompanied on the vessel by one or more guards representing Canadian authorities.

Section 5.—After arrival of the vessel at Skagway, Alaska, the seals on the compartment will be broken in the presence of an officer of the United States Customs service, the Canadian Customs officer at Skagway, and the master of the vessel or his representative. The packages of liquor will be checked and will be removed from the vessel under supervision of United States and Canadian Customs officers to a car of the White Pass and Yukon Railway. Such car will then be securely locked and placed under United States and Canadian customs seals. A Canadian guard or guards will accompany the car and shipment until it arrives in Canadian territory. Upon arrival at the point of exit from the United States the car will be examined by a United States customs officer, and, if the seals are found intact, such officer shall certify to that effect upon the carrier's manifest, allow the car to proceed into Canadian territory, and return

to the deputy collector at Skagway the mail copy of the carrier's manifest as a certificate of exportation. If the seals are not found intact, the customs officers of the two governments shall prepare a joint report stating the condition in which the shipment arrived at such point of exit, and the shipment shall then be allowed to proceed to destination.

Section 6.—If, at Skagway, or at such point of exit, the shipment is not found intact when checked, the authorities of both governments will co-operate in proceedings to apprehend and prosecute the person or persons responsible for the loss or diversion of the liquor.

(Signed) H. A. MAY,
for Clerk of the Privy Council.

N. B. GERRY recalled.

By Mr. Donaghy:

Q. As I was responsible for the motion which I asked Mr. Goodison to make in my absence to have a number of companies audited, I want to ask about them. The companies are: Silks Limited, Stapells-Fletcher Company, Doherty Manufacturing Company, A. E. Rea and Prince Manufacturing Company. They are all of Toronto and you audited their books?—A. Yes.

Q. You found everything clean and in order?—A. Yes.

Q. And give them a first-class bill of health?—A. Yes.

Q. I wanted to bring that out.—A. That applies to all of these five except A. E. Rea and Company, I understand from Mr. Rea, A. E. Rea and Company has been out of business some time.

Q. The others that are in business, you found in good shape?—A. Yes.

Q. No suspicion attached in any shape or form?—A. No.

Mr. DONAGHY: I want that emphasized in justice to these concerns, which I understand are among the most reputable firms in Toronto and we do not want any aspersion cast on their names. I say that in justice in order to make amends as far as possible.

Witness retired.

The Committee adjourned until 11 a.m., June 11, 1926.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 65—FRIDAY, JUNE 11, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. A. E. Nash, of Messrs. Clarkson, Gordon & Dilworth, Chartered Accountants, Toronto.

Mr. Albert Veit, Ottawa.

Mr. Ebenezer Lennie, Ottawa.

Mr. W. F. Wilson, Chief of Preventive Service, Department of Customs and Excise, Ottawa.

Mr. Frank Goldberg, Royal Cloak Company, Toronto.

Mr. Charles B. Alexander, Customs Preventive Officer, Toronto.

OTTAWA
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1926

EXHIBITS FILED

No. 233—Departmental report respecting exportation in bond of spirits by Consolidated Distillers Limited, Belleville, to St. John, Newfoundland.

No. 234—Statement showing seizures made by Sergeant Blakeney, R.C.M.P., in Halifax District, 1924, 1925, and up to March, 1926.

No. 235—Sixteenth Interim Report of the Auditors (Royal Cloak Company, Toronto).

MINUTES OF PROCEEDINGS

FRIDAY, 11th June, 1926.

The Committee met at 11 a.m., Mr. Mercier, the Chairman, presiding.

Present: Messrs. Bennett, Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Pere and Stevens—8.

Committee counsel present: Messrs. Calder and Tighe.

The minutes of yesterday's meeting were read and adopted.

The Auditors submitted their Eighteenth Interim Report (Canadian Industrial Alcohol Co., Ltd., Montreal, and constituent companies).

Mr. G. W. Taylor submitted,—

1. Copies of telegrams relating to shipment of liquor at North Sydney, December, 1925.
2. Statement showing number of firms in arrears with respect to payment of sales tax, April 30, 1926, as reported by Collectors of Customs and Excise.

Telegrams were received respecting the non-appearance to-day through sickness or otherwise of the following persons, summoned to attend as witnesses, viz:

1. E. N. Todd, Montreal.
2. W. C. Duncan, Montreal.
3. A. H. Brown, Montreal.

Mr. A. E. Nash was recalled and examined respecting,—

1. The percentage of alcohol exported from Canadian distilleries.
2. Amounts paid out by certain distilleries, for which no adequate explanation was given.

Witness retired.

At the request of Mr. Calder, Mr. W. F. Wilson was granted permission to take the Consolidated Distillery file for the purpose of making a precis.

The Committee rose at 1 p.m.

The Committee resumed at 4 p.m.

The Auditors submitted their Nineteenth Interim Report (Poyaners, Ltd., and associated companies, also Woollens Limited).

Mr. D. F. Moranville, Acting-Collector of Customs and Excise, Beebe Junction, Que., submitted,—

1. Letter dated May 23, 1923, from Mr. R. R. Farrow to Collector of Customs and Excise, Beebe Junction, Que., re permission to Mr. F. L. Wilkinson of Beebe Junction to use an American automobile without duty.
2. Copy of letter dated June 7, 1924, from Collector of Customs and Excise, Beebe Junction, Que., to Commissioner of Customs and Excise, Ottawa respecting smuggling at Rock Island, Que.

Mr. Calder filed as,—

Exhibit No. 233—Departmental report respecting exportation in bond of spirits by Consolidated Distillers Limited, Belleville, to St. John, Newfoundland.

Exhibit No. 234—Statement showing seizures made by Sergeant Blakeney, R.C.M.P. in Halifax District, 1924, 1925, and up to March, 1926.

Mr. Calder filed a report from Mr. Cortlandt Starnes, Commissioner, R.C. M.P. containing suggestions for the organization of a secret preventive service,

Ordered,—That said report be printed into the record.

Mr. A. E. Nash was recalled and further examined respecting payments by certain distilleries not adequately explained.

Witness retired.

Mr. Albert Veit, Ottawa Ont., was called, sworn and examined in respect to collection of sales tax.

Witness discharged.

Mr. Ebenezer Lennie, Ottawa Ont., was called, sworn and examined respecting collection of sales tax.

Witness discharged.

Mr. W. F. Wilson was recalled and examined in regard to the size of the Preventive Service staff in Rock Island Que., vicinity from 1912 to 1924.

Witness retired.

The name of Mr. T. Clodman of Toronto, being called, Mr. Clodman did not respond.

The name of Mr. M. Berger of Toronto, being called, Mr. Berger did not respond.

Mr. Frank Goldberg, Royal Cloak Company, Toronto, was in attendance in response to summons issued to Mr. Harris Goldberg, Mr. Morris Goldberg, and Mr. Davis Goldberg, all of Toronto.

Mr. Calder filed,—

Exhibit No. 235—Sixteenth Interim Report of the Auditors (Royal Cloak Company, Toronto).

Mr. Frank Goldberg, Royal Cloak Company, Toronto, was called, sworn and examined respecting the Royal Cloak Company.

Witness discharged.

Mr. Charles B. Alexander, Customs Preventive Officer, Toronto, was recalled, sworn and examined respecting an investigation he made in regard to the Royal Cloak Company, Toronto.

Witness discharged.

Mr. A. E. Nash was recalled. He produced the Twentieth Interim Report of the Auditors to the Committee.

Witness retired.

The Chairman declared the investigation closed; the Committee to report to the House as soon as possible.

The Committee adjourned, till Tuesday morning, June 15th at 10 o'clock, for Executive meeting.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

FRIDAY, June 11, 1926.

The Special Committee to investigate the administration of the Department of Customs and Excise and charges relating thereto met at 11 a.m., the Chairman, Mr. Mercier, presiding.

A. E. NASH re-called.

By Mr. Calder, K.C.:

Q. Mr. Nash, have you calculated what percentage of alcohol in the various distilleries that you have examined goes to the United States, or which presumably goes?—A. The quantity of sales on a gallonage basis?

Q. Yes.—A. Yes, I have.

Q. What per cent?—A. It varies in the different distilleries. If you like I will give three distilleries; the consolidated figures are not here.

Q. Yes.—A. Gooderham and Worts, in 1924, shipped thirty-two per cent of their spirits, domestic, forty per cent to the United States and twenty-eight per cent to foreign ports.

In 1925, thirty-four per cent domestic, fifty per cent to the United States and sixteen per cent to foreign ports.

1926 up to date, fifteen per cent domestic, sixty-two per cent to the United States and twenty-three per cent to foreign ports.

The Seagram distillery exported, in 1925, forty-eight per cent domestic, eight per cent to Mexico and forty-four per cent to the United States.

In 1926, thirty-eight per cent domestic, twenty-four per cent to Cuba and Havana, and thirty-eight per cent to the United States.

Hiram Walker's, 1922-23, thirty-nine per cent domestic and sixty-one per cent foreign.

1923-24, thirty-seven per cent domestic and sixty-three per cent foreign.

1924-25, forty per cent domestic and fifty-four per cent export.

1925-26, forty-five per cent domestic and fifty-eight per cent export.

I have not the figures of Hiram Walker divided on the export as between the United States and foreign ports.

By Hon. Mr. Bennett:

Q. When you say that certain quantities are shipped to the United States, do you include the quantities that are consigned to the Orient, or to Mexico, or to the West Indies as being United States export?—A. No.

Q. It is for instance, liquor that came through Canada consigned to Japan —you treat it as Japanese export?—A. Yes.

Q. Whereas, we know as a fact it never was shipped to Japan or intended so to be?—A. That is in some cases.

Q. So far as this record is concerned there is no evidence that any liquor was shipped to Japan.—A. I understand that.

Q. There is no evidence?—A. In other words what you mean, some of the shipments that are purported to go to other ports go to the United States.

Q. And never would go to the foreign ports?—A. Yes, and therefore the United States percentage would be raised.

Q. I would say off-hand, having carefully listened to the evidence, and from the evidence I have read, that the figures that purport to indicate the only

percentage of liquor shipped out of Canada to the United States would be wholly inaccurate because we know much that was consigned to foreign ports was shipped to the United States?—A. The percentage would be less.

Q. Less to foreign ports and greater to the States?—A. Yes.

Q. In some instances, a large portion exported would be absorbed by the United States?—A. I have not that information.

Q. You could not work it out really, without a lot of trouble?—A. No.

Q. The evidence is, liquor is paid for before it is shipped?—A. Yes.

Hon. Mr. STEVENS: I think, Mr. Bennett, in Mr. Nash's figures—correct me if I am wrong, Mr. Nash—all that has paid excise, that is from the lake ports and rivers would be included in the exports to the United States.

The WITNESS: No, because in some cases in Seagrams in 1923, in shipments to Mexico, eight per cent duties were paid. In answering Mr. Bennett I might say this may be added to the United States.

By Hon. Mr. Bennett:

Q. There is no report made upon the other distillery at Winnipeg?—A. That is part of the Consolidated.

Q. The one at St. Boniface is————A. Winnipeg, St. Boniface, Vancouver, St. Hyacinthe and Corbyville.

Q. There is one I asked some questions about at Winnipeg, in consequence of some discussion that took place in the public press between the Attorney General and the federal authorities, and I was curious to know whether you considered that distillery?—A. It is a new distillery. The one in Winnipeg we investigated is part of the Consolidated Distilleries group.

Q. How many are there in Vancouver?—A. We never investigated any with the exception of the Consolidated.

Q. You investigated one?—A. Yes, a branch of the Consolidated.

By Mr. Donaghy:

Q. What name does it go under?—A. The Consolidated, I think. I think the names are set out.

Mr. DALY: In that connection, I would refer you to the report covering the subsidiaries of these companies. I do not see that this is a matter for the Committee to go into. I think it is unfair that the operation of the companies should be disclosed.

Hon. Mr. BENNETT: It must be known anyway; it must be published in the annual reports.

Mr. DALY: I do not think so. I would like to register an objection to it. It is disclosing the operations, the private affairs of the company which are of no interest to the public.

By Mr. Kennedy:

Q. Mr. Nash, in your examination of these various distilleries have you seen any records of payments that look as though they have gone to campaign funds?—A. I cannot answer the question directly. We found payments in all distilleries of large, substantial amounts of money, which we questioned the officials of the distilleries about. They have not, in all cases, thought it necessary to give us a complete explanation of what the payments were for. They have in all cases assured us that not one dollar of any payment went to any official of the government, any member, or any official of any department, but they have not in all cases explained what was the final disposal of these funds, so that we think that they were campaign funds would be the inference.

Mr. DALY: Surely, Mr. Chairman, this is out of the scope of the inquiry, and is out of order.

Mr. KENNEDY: This is no more out of order than other dealings between private individuals and the Customs Department.

Mr. DALY: The Committee was not authorized by parliament to go into the question.

Mr. KENNEDY: The Committee is authorized to go into anything that has to do with the Customs Department.

Mr. DALY: Not in connection with campaign funds. I object to the insinuation contained in the question.

By Mr. St. Pere:

Q. You found out, Mr. Nash, everything was clear so far as campaign funds were concerned?—A. We have not finished the distilleries in all cases. Our report, I think, speaks for itself.

By Mr. Kennedy:

Q. These payments, so far as you could see, did not have to do with the payment of accounts in connection with the business?—A. In connection with the business of the distillery company, no, we could not find that.

Q. What did they amount to?—A. They vary.

Mr. DALY: I must ask for a ruling on my objection in connection with this. It is entirely outside the scope of the Committee and it is going to give a very wrong inference to the public.

Mr. KENNEDY: I will ask for the amounts, Mr. Chairman.

Mr. NASH: Will I answer the question?

By Mr. St. Pere:

Q. You said, as far as you know, no money was ever paid to any Customs officer or anybody else?—A. I was assured of that. We were assured of that by the officers of every distillery and we have every reason to believe they were telling us the truth.

By the Chairman:

Q. Have you got a list, in order to answer the particular question, before I decide on the objection, of all distilleries that have paid any amounts for election purposes?—A. No, Mr. Chairman, I have not got the figures of the Consolidated group here at the moment, but the rest of the figures are available.

By Mr. St. Pere:

Q. Did you ask them if they subscribed money to any party?—A. I did.

Q. They said "No"?—A. No, they did not deny subscriptions had been given.

Q. Did they give you the date and years?—A. No.

By Hon. Mr. Stevens:

Q. As I understand it, the facts are these: there are certain large sums, considerable sums, when I say large, running into considerable figures, which are not accounted for in the ordinary business of these concerns?—A. No.

Q. In asking for an explanation of these sums from these concerns, they satisfied you it was not in the nature of corruption funds for government or officials of the government?—A. They satisfied us by their assurances. If I might explain; when we see large sums of money paid out and no satisfactory explanation on the records, we naturally ask for an explanation of what they are for. The officials told us they cover various things, which they include under sales promotion and other such things.

Q. Then the inference remaining is, that these moneys were paid for political campaign purposes?—A. Some of them.

Q. Have you any absolute—when I say absolute I mean definite—proof that such was the case?—A. No, I have no proof they were paid for campaign funds at all.

By Mr. Kennedy:

Q. Mr. Nash, if they did not tell you what this money was paid for, how can you be satisfied that the money has or has not gone in any one direction?—A. I say I am satisfied only from the assurances they gave me.

Q. Can you give us the amounts of these unaccounted for payments?—A. I can if it is the desire of the Committee that the information should be given.

Q. That is what I asked for. We have been investigating all sorts of transactions between various parties which might or might have not influenced the judgment of certain men in connection with their decisions.

Hon. Mr. BENNETT: The difficulty is, it is not clear, but there are a number of distilleries that you have not investigated at all?

The WITNESS: That is so.

By Hon. Mr. Bennett:

Q. If you are going to ask what has been done with moneys before completing your investigation, the difficulty is you have nothing but an inference that this money was used for political purposes?—A. We do not draw an inference. I think, if I might say so, I do not think anybody is attempting to be unfair to me, but I think the distillery people would be the people who should be asked this question. I do not feel confident to answer the question for the distillery, but I thought it proper to report to the Committee.

By Mr. Kennedy:

Q. You have asked them to explain?—A. Yes.

Q. They have assured you it has not gone in a certain direction?—A. Yes.

Q. It is up to them to clear the matter up.—A. I rather feel that, Mr. Kennedy.

Q. Give us the amounts.—A. Is that the direction of the Committee? We have not got the amounts of all distilleries, and it would mean that some of the distilleries would go on the record and others would not.

Mr. DALY: I must say, I think it is very objectionable. It is drawing an unfair inference, as the witness is not in a position to swear to any of these things, and Mr. Kennedy might as well make the statement himself, or the witness for all the effect it will have.

Mr. KENNEDY: They might have cleared it up by giving the auditors all information.

Hon. Mr. STEVENS: There is no doubt, Mr. Kennedy, that there is an inference which perhaps will be drawn. There is no doubt some of these funds have been directed to campaign funds, so called, but it may not be the full amount which Mr. Nash will name which has been paid for that purpose.

Mr. KENNEDY: They can explain it if they want to.

By Hon. Mr. Stevens:

Q. The question perhaps should be put in this form. What sums are there, which you are now about to read, which are not accounted for in your reports and which might be used for ordinary business purposes?—A. That is almost an impossible question to answer, because the payment made of a round amount

of money charged to sales promotion might be considered by some to be a perfectly proper charge against the profits of the company. As an auditor I would require a further explanation, I would not accept a mere statement of sales promotion. It might be an injustice to any distillery if I stated a certain amount was charged to sales promotion and not go further and state what sales promotion it covered.

Q. Can you state amounts paid to directors?—A. In some cases to directors of the company, and in some cases to officials of the company and handled presumably by them.

Q. Can you aggregate the sums that have been paid for political purposes?—A. No, there is nothing to show.

By the Chairman:

Q. Only what they told you?—A. Yes.

Q. You come to a certain amount, and supposing there are so many thousand dollars, they say we cannot give evidence that we subscribed that to party funds?—A. Yes.

By Mr. Kennedy:

Q. Give us the items with such explanation as you may have.—A. Might I suggest this, if the figures are to be asked for they should be given to the Committee in a statement which I will be glad to prepare. Would it meet the question if I gave to the members of the Committee, or the Chairman, or the members if so desired, a statement of these payments, without at the same time putting it on the records?

The CHAIRMAN: I would like to be agreeable.

The WITNESS: I will make a statement as I am not in a position to say what the payments are.

By Mr. Donaghy:

Q. I think this should be public or not given at all. You see all distilleries are not audited yet as pointed out, and it may be invidious to single out one or two distilleries and pillory them. What is the matter with giving a lump sum, which you discovered without dividing it up?—A. Of one of the distilleries?

Q. A lump sum of the whole total?—A. I can make that up.

Mr. DALY: That would give a very unfair inference as a part of that lump sum may have gone for something that would be all right.

By the Chairman:

Q. What is that you have there?—A. That is the payment.

Q. The complete payment?—A. Of certain distilleries.

Q. How many distilleries?—A. Three.

Mr. KENNEDY: Mr. Nash can give us these amounts with such explanation as he has, or anything else.

By Hon. Mr. Bennett:

Q. Mr. Nash, have you any evidence that any money on the books of any distilleries were used for political purposes?—A. No.

Q. You have not?—A. No.

Q. What you have said is, certain sums of money, you have been informed, have been used for political purposes?—A. No, I said certain sums of money were paid out about which were required further explanation. The officials of the company first of all assured us none of these moneys found their way improperly to any members of the Government or any department. I asked

the direct question whether any of these moneys were used, as I thought it proper to clear the matter up for myself, for campaign funds and they said some of them were, and as to how much they were they did not say.

Q. That only covers one or two or three instances?—A. Yes.

Q. In giving the sums of money charged against sales promotion, it would not be right to infer that these moneys were used for campaign fund purposes?—A. No.

Q. You have no evidence to show what, if any, of these sums you have referred to as being used for sales promotion, were used as a contribution for campaign funds?—A. No.

Q. None whatever?—A. No.

Q. You cannot give the Committee any evidence on the point?—A. None whatever.

Mr. KENNEDY: Let us have the items with such explanation as he may give.

Mr. DALY: With the explanation he has given there could be no further objection to the items.

The WITNESS: I will get the items.

Hon. Mr. BENNETT: In view of what you have said, it seems to me there is no reason why you should not state to this Committee that you found a number of items amounting to so much money for which you had not received adequate explanation.

The WITNESS: I would like a few moments to prepare the total.

Mr. DALY: I think it would be only fair to call the attention of the Committee to the fact that there have been at least five or six plebiscites in the last few years and if the inference Mr. Kennedy wishes to draw is correct it does not mean that any party received any of those funds.

The CHAIRMAN: There is something that struck me. You have here an investigation conducted by our auditor; we have a record of payments made, and, as far as he himself is concerned, he does not know anything about it. What he knows is from reports made to him by officials of the various distilleries; it is only hearsay evidence that is before us. Is it fair to disclose these amounts just now, without giving a chance to the book-keeper or official, who ordered the payment of these amounts, to be here? That is the question.

Mr. DOUCET: Mr. Chairman, supposing Mr. Nash were to prepare that statement, and submit it to the Committee in camera, then we could decide whether it should be disclosed to the public.

Mr. DONAGHY: I object to anything being done along those lines.

Hon. Mr. BENNETT: If Mr. Nash has the information, that will answer the question that has been put to him. I do not think he should give that information to the Committee in camera. I do not want any private information.

Mr. DOUCET: I say this with the object of having the question decided as to whether or not we could properly give the information to the public.

The CHAIRMAN: That is the same thing.

Mr. KENNEDY: Mr. Chairman, in fairness to the parties who have given these estimates, I think it is for them to decide that matter for themselves. They had the opportunity to give Mr. Nash a full explanation in regard to the payments; they have themselves undertaken to be placed in that position. I think we ought to have it, that Mr. Nash ought to put in the evidence with regard to payments and dates.

By the Chairman:

Q. Mr. Nash, did you put the same question to every director, as far as any companies you have investigated are concerned?—A. I did not personally

conduct all the investigations myself, so I do not know exactly what question my partners, or assistants, may have put; but I understand it was substantially the same question put to all of them.

By Mr. St. Pere:

Q. What period of time did your audit of the books cover?—A. Three years in some cases, and three years and three or four months in others.

Hon. Mr. STEVENS: May I suggest this: that Mr. Nash should prepare a statement for the Committee to be filed in the regular course, showing the distribution of these undisclosed sums to which he refers; under the following headings, which seem to cover the various distributions of such funds:

1. For Political Purposes,
2. For Business Propaganda Purposes,
3. For Sales Promotion,
4. Gratuities of undisclosed amounts paid to officers or directors.

Mr. KENNEDY: I should like to point out, with regard to the heading "Political Purposes," that while the intimation has been made that some of that money was used, there is no specified item to show how the payment was used.

Hon. Mr. BENNETT: Quite so.

Mr. KENNEDY: It would be useless to have a heading. All we want are the payments and dates, and such explanation as Mr. Nash has as to how those payments were made.

Hon. Mr. STEVENS: The reason why I suggest some orderly form of questions is to bring about an answer that will give us some information. It may be that the answer now will be that a certain sum, for instance, $100,000, was spent by a certain distillery, in a certain year. That amount may have been spent in half a dozen different ways.

By the Chairman:

Q. Mr. Nash, can you give an immediate answer to Mr. Kennedy's question?

Hon. Mr. BENNETT: Before the question is answered, I should like to point out to the members of the Committee that it is never the custom to take hearsay evidence, when proper evidence is available. Mr. Nash has said that all he knows is what somebody told him. Whether that somebody told him the exact truth or not is a matter that cannot be determined by Mr. Nash's statement. If it is relevant to this inquiry, there is one thing only which should be done—the proper way has not been proposed; we should not take hearsay evidence. If the Committee desires to investigate contributions to campaign funds, I suggest that they call the various persons whom it is assumed made the contributions. It certainly puts the auditor, who is asked by this Committee to make an investigation within the four corners of the resolution passed by Parliament, in a most invidious position if he has to come here and disclose what the books of corporations indicate, if his evidence is based on the strength of what somebody told him; which may, or may not be accurate. That is my difficulty about it. If the Committee desires to summons the people who would be able to give the evidence, that is a matter for the Committee to consider. I do not think the auditor is placed in a proper position, if he is asked to draw inferences, and determine matters over which he has no control, and about which he knows nothing. Mr. Nash has said that he does not know of any specific money that was used for campaign purposes; so called; or for contributions to campaign funds; or whether they were used for the purposes of propaganda in connection with the repeal of the prohibition act, or Scott Act. For instance, I recall, now you mention it, within the last five years, at least,

a statement made to me by an officer of an institution in this country—it was not a distillery—that he had seen fit to expend a substantial sum of money in connection with a plebiscite in one of the provinces, because he did not believe in the existing law; and he made that contribution from his company for that purpose.

Unless the auditor has some evidence that would enable this Committee to determine just what is mean by "Sales Promotion," I think it is not the sort of thing that we should be doing; we should not desire to do it. We should pursue our deliberations in the regular and proper manner, under the Statutes of Canada, in which there is a provision by which companies may be organized for the purpose of collecting political moneys in election time. Some companies have been organized in some of the western provinces for that purpose. I would hardly say it is an improper thing for them to collect those funds. Contributions made by those companies have been held to be legal, regular, and proper; and the contributions were made for political purposes. Mr. Nash says he cannot speak from his own knowledge. Is that right, Mr. Nash?—A. Quite right.

Hon. Mr. BENNETT: I should think the proper thing would be to call those people before this Committee to give that evidence, and not ask Mr. Nash to place himself in the place of a chartered accountant as retailing evidence which somebody told him, which may or may not be accurate.

The reason hearsay evidence is not received is, as the laymen of the Committee will perhaps appreciate; a man, for interested motives, may make a statement against the integrity of someone else, in order to preclude suspicion being directed against himself. If hearsay evidence were permitted, it would destroy the whole system under which we carry on our courts, and would deprive men of the opportunity to defend themselves. It is essential that men who are under suspicion should have their case decided on the evidence, on the best evidence procurable. If the Committee desires, I will not stand in the way of any investigation into the distribution of campaign funds, for I am far removed from that; I never received any myself. I do say that this is the subject matter of a reference, and not hearsay evidence, as to what somebody may, or may not, have told the auditors. I am sure that no counsel would take the responsibility of trying to abstract such evidence from a witness in a court of law, for the purpose of establishing a fact, nor will that be permitted in any investigation before a commission.

Mr. ST. PERE: As we have so many legal minds sitting at this table, I should like to know; suppose there was a contribution by a business concern, through their liberality, would it be considered an illegal offence?

Mr. KENNEDY: Let us have a statement of the amounts that have been paid out by the various distilleries, and the dates when they were paid.

Hon. Mr. BENNETT: For what purpose?

Mr. KENNEDY: These are unaccounted for items; items that have been paid out for other purposes—other than, as far as the books are concerned, carrying on the business of the distillery. That is all I am asking the question for. I do not see why Mr. Nash cannot prepare a statement and have it put in the record this afternoon.

The CHAIRMAN: Mr. Nash, answer his question.

Mr. NASH: I think it would be more convenient to give in a statement this afternoon.

Mr. KENNEDY: That is satisfactory.

Mr. NASH: It is understood that I have not got information in connection with some of the distilleries at the moment.

By Mr. Donaghy:

Q. You have not the information at hand?—A. I haven't it at hand. We have the information. I do not desire, in any way, to evade the question.

Q. You have not the information in your hand?—A. No.

By the Chairman:

Q. When can you get that information?—A. I do not think I can have it for this afternoon. I think, for that reason,—I do not want to appear to be reluctant to do what I should properly do—but for that reason I think the whole thing should be delayed, until all the figures for all the distilleries are here. I can produce the figures if it is the wish of the Committee.

Mr. KENNEDY: All right.

Hon. Mr. BENNETT: If it is important for the Committee to consider all this matter, they should consider it with regard to all the distilleries in Canada. I think every member of the Committee will agree with that.

By the Chairman:

Q. When will you be in a position to make that complete statement?—A. A complete statement of these particular distilleries?

Q. All the distilleries.—A. All the distilleries that we are investigating—by Tuesday next.

The CHAIRMAN: Prepare your statement.

By Mr. Kennedy:

Q. You will have that statement ready by Tuesday?—A. Yes.

Mr. KENNEDY: We will not be sitting on Tuesday. Let us get the whole thing in now.

The CHAIRMAN: Give us what you have, this afternoon.

Mr. KENNEDY: Give us what you have, this afternoon.

Mr. ST. PERE: Will it be complete?

Mr. KENNEDY: There is not a speck of evidence, in regard to anything, that is complete.

By the Chairman:

Q. Can you make out that statement for three o'clock this afternoon, Mr. Nash?—A. Yes, I can get it; it is not a very big matter to get what I have.

Mr. CALDER, K.C.: I have just precis to go in this afternoon, so four o'clock will give plenty of time.

By Mr. Donaghy:

Q. Is your assistant here, who audited the Seagram books?—A. He is not in Ottawa to-day.

Q. Mr. Nash, in the detailed information furnished by your assistant who audited the Seagram books, does it show the vessels on which the goods exported were taken out of the country?—A. It would show it, Mr. Donaghy; but his papers are with him in Toronto.

Q. It will show the names of the vessels?—A. Yes. If you wish the information, I will have it submitted as an addenda to the report; or if you like, I will get him here.

Q. I think perhaps it would be better to have him here. Does this information show the volume of liquor shipped for export?—A. I expect it would. If you like, perhaps the most convenient thing would be to have the accountant of the distillery and my assistant, who did the work, here on Tuesday.

Q. Can not we have that done on Monday?—A. Yes.

Q. Mr. Nash, in regard to the Seagram Company; a few days ago I asked you if your men got the names of the shippers, truckers, and so on, in connection with these distilleries; have you that information in connection with Seagram's?—A. Yes, I think I have.

The Committee adjourned until this afternoon at 4.00 o'clock.

AFTERNOON SITTING

The Committee resumed at 4 p.m., the Chairman, Mr. Mercier, presiding.

Mr. CALDER, K.C.: You will remember Mr. Chairman that, in connection with the Viau Noel tricklock bond, the question came up concerning the action of the Department in recovering on the bond. I have the file before me now. I may say, at the time that inquiry came up, the entire file was in the hands of Messrs. Weir & Moyes who were the solicitors.

I think it is only fair to summarize the facts contained in the file. I find that, according to this file, application was made to the Dominion Gresham, at the end of March or beginning of April, for payment on the bond.

On May 21st, Messrs. Foster, Mann, Place and Company, advocats of Montreal, enclosed a cheque of the Dominion Gresham for $859.92, which was a payment on account of the claims.

The second paragraph of that letter says:

> In regard to the claim for $9,140.08, being the balance under the two bonds, we beg to assure you that the Dominion Gresham Guarantee and Casualty Company has no desire whatever to evade payment of any just obligation under these bonds, but, as I have been advised, it has an indemnitor under the bond to indemnify and hold it harmless against any amount it may be obliged to pay the Government. This Indemnitor is not inclined to voluntarily accept liability for the sum of $9,140.08, claiming that there is not a reasonable claim, and we would like our client to be put in the position of having the claim judicially established in court proceedings, to have its Indemnitor called in in warranty so that if the claim is established, it may, at the same time, have a judgment against the Indemnitor.

To this Mr. Taylor replied by a letter dated May 26 acknowledging receipt of the cheque. This letter is addressed to Messrs. Foster & Co., and in the second and third paragraphs, it states as follows. (Reads):

> With regard to the remaining claim for $9,140.08, we have to inform you that this department is not concerned with the indemnitor of the Guarantee Company, and cannot recognize such indemnitor in any degree whatever. The facts are, that the Guarantee Company, for a consideration, gave the above quoted bonds to the Department for security, indemnifying it against loss in the event of default by V. M. Noel. If the Guarantee Company deemed it advisable for protective purposes to secure an indemnitor, that is entirely within its own power, and you will appreciate is a matter altogether apart from their responsibility to the Department. The licenses having made default, the Department has therefore had recourse to the Guarantee Company, as a surety, and is not prepared to take cognizance of a third party. It is therefore, to be understood that if payment of the claim be further resisted, proceedings for recovery will be entered against the Guarantee Company exclusively. You are requested to advise whether or not payment of the claim is finally refused.
>
> I remain, gentlemen,

Messrs. Foster, Mann & Co. replied on May 27, restating their position and declaring that they would pay only after a suit.

There is some intervening correspondence, and finally on January 16, the Departmental file was enclosed to Mr. Stanley Weir, Barrister, 50 Notre Dame St. W., Montreal, and was acknowledged by Weir and Moyes.

On January 29 apparently action has been taken and the file has been returned, owing to an exchange of letters between Mr. Taylor, and Weir & Moyes, dated March 26 and March 27. The matter is now in suit.

In connection with the matter of Mr. Cannon's telegram, and a letter from Mr. Lucien Cannon, re Edmond Houle, St. Narcisse, P.Q. The file is here. May I analyse it briefly?

The CHAIRMAN: Yes.

Mr. CALDER, K.C.: The matter starts with a letter from Mr. Gariepy, writing from Three Rivers on July 13, reporting that two receipts for payment were obtained from Edmond Houle, and that no stamps were affixed to them.

The CHAIRMAN: Receipts for what?

Mr. CALDER, K.C.: Revenue stamps on receipts. It does not recite what the receipts were for. I am just taking the file as I find it. We may discover that later on. On July 22, the Minister of Justice was asked by the Deputy Minister of Customs and Excise to name a legal agent to take charge of the case. In consequence of this, Mr. Arthur Lefebvre, of Grand 'Mere was retained, and on the 22nd of July the Deputy Minister wrote him enclosing the documentary evidence and instructing him to take action.

On the 19th of August, Mr. Arthur Lefebvre reported to Mr. Noel Chasse, solicitor for the Department of Customs, that Mr. Gariepy refused to lay any information and complaint or to send any of his employees to make any information and complaint. That is the Collector. Thereupon on September 10th, the Departmental solicitor wrote to the Collector of Customs and Excise, Three Rivers, instructing him to lay the information and complaint.

Then follows the telegram from Mr. Cannon read yesterday, with the telegrams of the Department to Mr. Lefebvre, and to Mr. Lucien Cannon, which were also read yesterday.

On the 12th of March, 1926, the Deputy Minister wrote to Mr. Arthur Lefebvre, advocate, as follows (Reads):

12 mars 1926.

Re: Edmond Houle, St. Narcisse, P.Q.,

M. A. LEFEBVRE,
Avocat,
Grand'Mère, P.Q.

MONSIEUR,—Me référant aux deux reçus que M. Edmond Houle a donné pour des montants excédant $10 et sur lesquels les timbres d'Accise ne furent pas apposés, et qui vous furent expédiés le 27 juillet 1925, avec instructions de prendre action contre Houle, en recouvrement de l'amende prévue par l'article 14, paragraphe 3 de la Loi spéciale des Revenus de guerre, je dois vous dire que le Ministère a pris cette cause en considération et que vous êtes autorisé à régler cette affaire hors de Cour, pourvu que celui qui a commis l'offense paie une amende de $10 et les frais de l'action.

Je demeure, monsieur,
Votre tout dévoué,
Avocat du ministère
pour le Sous-ministre.

I will now quote from the translation of the letter of March 12th, 1926, the last paragraph:—

> I would advise that the department has given this case consideration, and you are authorized to settle the matter out of court, provided the offender will pay a penalty of $10.00 as well as the costs of the action.

On the 2nd of June, 1926, there is a letter to Mr. Arthur Lefebvre, which reads as follows:

Le 2 juin 1926.

Re: Edmond Houle, St. Narcisse, P.Q.,

M. ARTHUR LEFEBVRE, Avocat,
Grand'Mère,
P.Q.

MONSIEUR,—Etant donné que la taxe sur les reçus a été abrogée veuillez donc ne pas procéder plus loin dans cette affaire. Il ne sera pas nécessaire non plus d'exiger de Houle le paiement d'une pénalité de $10.00 tel que mentionné dans ma lettre du 12 mars. Vous voudrez bien voir cependant à ce que Houle appose des timbres sur les reçus que je vous ai transmis en juillet dernier, et lorsque cela aura été fait, vous pourrez considérer l'affaire comme close et soumettre votre mémoire de frais pour services rendus.

Veuillez donc aussi avoir l'obligeance de me retourner les reçus dès que des timbres y auront été apposés.

Je demeure, monsieur,

Votre tout dévoué,

Avocat du Ministère
pour le Sous-ministre.

The English reads as follows: (Reads):

June 2nd, 1926.

Re: Edmond Houle, St. Narcisse, P.Q.,

Mr. ARTHUR LEFEBVRE, Advocate,
Grand'Mere,
P.Q.

SIR,—As the receipt tax has been repealed kindly do not proceed further with this case. It will not be necessary either to demand from Houle the payment of the penalty of $10.00 as mentioned in my letter of the 12th of March. You will kindly see that Houle affixes stamps on the receipts which I have forwarded to you in July last and when that will be done, you will consider the matter as closed and submit your bill of costs for services rendered.

Kindly also return the receipts to me as soon as they are stamped.

Yours truly,

Departmental Solicitor,
For the Deputy Minister.

Trans AOR./At.
June 5/26.

Mr. Chairman, I have asked for a precis of a file which bears no number, and which refers to the exportation in bond of spirits by the Consolidated Distillers Limited, of Belleville, to St. John Newfoundland. Instead of the Precis, I find on the file a report made by the Assistant Deputy Minister, to Mr. R. R. Farrow, and a memorandum by Mr. Farrow passing the matter on to Mr. George W. Taylor, Assistant Deputy Minister, which I will ask to have printed, with the exception of the reference to exhibits which need not be printed, because they refer to matters not produced as exhibits in this Committee.

EXHIBIT No. 233

DEPARTMENT OF CUSTOMS AND EXCISE,
OTTAWA, CANADA, January 12, 1926.

Memorandum for:
GEORGE W. TAYLOR, Esq.,
Assistant Deputy Minister.

Please note the attached memo from the Honourable the Minister's Private Secretary, respecting the charges preferred against Mr. Todd of the Canadian Pacific Railway at Montreal.

This is a matter which, if I recollect right, was investigated by Mr. Wilson and yourself, and I shall be obliged for your report thereon, together with all the papers in connection with the case.

R. R. FARROW,
Deputy Minister.

JANUARY 18th, 1926.

Memorandum to the Deputy Minister:

With reference to the attached memorandum, and your request for a report thereon, I would state that on the 18th October, 1924, the Consolidated Distilleries Limited, Belleville, passed an entry for the exportation in bond of 12 drums of Spirits, containing 505.0 standard gallons, 65 O.P., equivalent to 833.25 proof gallons, the goods being consigned to J. W. Nicholson, St. Johns, Newfoundland, via the Port of Montreal and Canadian Government Merchant Marine S/S "Canadian Sapper," to destination.

On the seventeenth of November, 1924, the Collector of Customs, St. Johns, Newfoundland, issued a landing certificate for receipt of said spirits, the certificate bearing his official stamp and being signed on behalf of the Collector by H. V. Hutchings, who, it appears is the Tide Surveyor of the Port.

On the fourth of March, 1925, the Deputy Minister of Customs, Newfoundland, issued a certificate to the effect that when the alleged spirits were landed at St. Johns, on the 4th November, 1924, they were entered for warehouse as In Transitu, and that the contents of the packages were found to contain water, which was frozen with consequent damage, by bulging, to the steel drums used as packages, which the Department ordered to be shipped to Ottawa, and are now stored in the basement of the Connaught Building.

On the first of January, 1925, Mr. W. F. Wilson, Chief of the Customs-Excise Preventive Service, was confidentially informed that the spirits in question had been substituted in Montreal for similar packages containing water.

On the 3rd January, 1925, the Deputy Minister of Customs, Newfoundland, was requested, by wire, to hold the shipment pending investigation, and to forward a sample, which, upon investigation, was found to contain practically no spirit.

When the matter was brought to your attention, you requested me to co-operate with Mr. Wilson in making a thorough investigation, which was carried out in Montreal, during the week beginning 18th January.

We had several interviews with the informant, whose statements were confirmed in so many respects, and implicated Messrs. E. N. Todd, Freight Traffic Manager, Canadian Pacific Railway, and Mr. C. B.

Brown, Manager, Caledonia Springs Water Company, (controlled by the C.P.R.), Montreal, to such extent that we felt justified in interviewing these parties, with the result that we feel satisfied they are seriously involved, but on verbal instructions of the Minister, were not permitted, for the time being, to follow the matter to a conclusion.

Briefly reviewed, the informant's charge is that he was out of work and in financially straitened circumstances. He had formerly been associated in business dealings with Mr. Todd, and while originally he had made money in these transactions, latterly they had resulted disastrously so far as he was concerned, although not so with Mr. Todd.

In May, 1924, Mr. Todd sent for the informant, and stated that there was an opportunity to make money in bootlegging, and that if the latter looked after the shipping, he would be paid $350 per month, but, although he devoted considerable time to the matter, it was eventually dropped.

About the middle of July, 1924, Todd arranged a meeting with the informant, and suggested the shipment of spirits to Newfoundland. Conditions connected therewith, such as forwarding arrangements, transportation charges, price of spirits, etc., were to be looked after by the latter. Further delay ensued. Finally, on Sunday, 28th September, 1924, Mr. Todd arranged a meeting with the informant at the residence of the former, when Todd outlined a plan whereby the spirits, while being moved in bond for export, were to be temporarily diverted in Montreal, substituted by water, then shipped down to the dock for the purpose of being laden on the steamer for Newfoundland, put in warehouse there, and re-exported from Newfoundland under arrangement with the Captain of the steamer to dump same overboard when out at sea. The substitution of water for spirits was to be carried out at the Caledonia Springs Water Company, which has a railway siding at their premises, but the question of replacing the car seals constituted a difficulty.

The informant was, therefore, requested to see Mr. Brown, Manager of the Caledonia Springs Company, who gave him $150 as expenses to New York, with instructions as to where blank seals and seal press, marked "C.I.A. Co." (Canadian Industrial Alcohol Company) also machine for stamping railway seals, could be procured. In making this visit, the informant ascertained how the Tyden Seal could be opened and reclosed so as to avoid detection only by the most minute inspection.

When the situation respecting this latter seal was explained to Mr. Brown, he expressed satisfaction, as they could thus obtain entry to the car without detection of removal of seals. Finally Messrs. Todd and Brown decided to route the shipment by C.N.R., as suspicion might be raised if shipped by C.P.R. Brown thereupon gave the informant $740 in Bank of Hochelaga $20 bills. This occurred, according to the informant, on the 17th October, in the Place Viger Hotel Lunch Room.

Arrangements were then made to have the car located in Bonaventure freight yards. The substitution of the water was brought about while a teamster was hauling the spirits from the freight sheds to the steamship, and Brown phoned the informant on the 24th October that the scheme had been successfully carried out.

Mr. Todd then requested the informant to go to St. Johns, Newfoundland, to pass the goods through Customs, and arrange export, and tendered five $50 Dominion Bank bills to him, in the former's office, to pay him for expenses incurred, and for his work. The informant refused, and a dispute arose, which finally resulted in Todd making a promise to get the informant a position, as the latter had protested that he was out of work and intimated that he would expose the whole matter.

The informant eventually went to Newfoundland, arriving at St. John on the 13th November, 1924, and arranged with W. B. Fraser, Customs Broker, to have the goods entered ad placed in bond.

Upon his return (on November 22) to Montreal, he demanded that Todd should redeem his promise to find a position for him. After waiting until the middle of December without result, he again threatened Todd respecting an exposure, as he was $7,000 in debt. The latter said he would go to New York, and thought he could raise $3,500. He returned announcing no success, but that he would give the informant $500 if he delivered the Foreign Landing Certificate and Warehouse Receipt to Todd. This was refused.

The informant then saw Brown, and reiterated his intention of making an exposure of the matter, Brown asked him to wait until he saw Todd, with the result that between the 22nd December and 15th January, the latter paid the informant by cheques, a sum aggregating $950, and $100 cash, making a total of $1,050.

Todd and Brown contend that this is a case of blackmail, as the former admits having paid the informant various sums, aggregating $1,000 or $1,500, on compassionate grounds.

Neither Mr. Wilson nor I can accept this excuse, in view of the circumstances, which arose during our enquiry, all of which indicate that both parties are directly connected with and seriously involved in the transactions.

Asst. Deputy Minister.

Gwt/B.

Mr. CALDER, K.C.: Some time ago Mr. Chairman, I asked for the return of the seizures made by Sergeant Blakeney of the Halifax district of the R.C.M.P. during 1924, and 1925, and up to March 1926, in which seizures were actually made. I have this memorandum with a notice that these cases are independent of those where assistance was rendered to the Department of Customs and Excise. I draw attention to this to show what one determined officer can do. The revenue in 1925 amounted to $5,100 from seizures. That is in one year alone. I have not calculated how many there were in 1924, but there appear to be quite as many. I will file this as Exhibit No. 234.

EXHIBIT No. 234

LIST of cases investigated by Sergt. Blakeney of the Halifax District of the R.C.M. Police during 1924, 1925, up to March, 1926 wherein seizures were actually made. (These cases are independent of those where assistance was rendered to the Dept. of Customs and Excise.)

Date	Name	Place	Description of goods seized	Penalty
6- 2-24	Charles Young	Indian Point	150 gallons rum and boat	$200 and costs. Paid.
6- 2-24	Owen Duggan (See C. Young case)	Indian Point	150 gallons rum and boat	$100 and costs. Paid.
5- 3-24	Owner not known	Halifax (Express office)	30 gallons rum	No prosecution.
5 -4-24	Owner unknown	St. Margarets Bay Road	20 gallons rum	No prosecution.
3- 7-24	Agustus Mossman	Kingsbury, N.S.	4 gallons alcohol, 4 gallons whiskey, 8 gallons rum	$200 and costs.
3- 7-24	Dennis Mossman	Kingsbury, N.S.	4 gallons alcohol, 4 gallons whiskey, 8 gallons rum	$200 and costs.
9- 7-24	Titus Cleveland	Martin's Point	7 cases whiskey, 2 kegs rum, boat	$100 and cost. Not paid.
	Roger Cleveland	Martin's Point		$200 and cost. Not paid.
11- 7-24	Bertie Hemmelman	Lunenburg	40 gallons rum	$200 and costs.
12- 7-24	Stanley Bell	Halifax	42 cases whiskey, 1 "Stewart" motor truck	Forfeited.
13- 7-24	C. Tanner	Hockman' Bridge, N.S.	2 cases whiskey	$200 and costs.
30- 7-24	Alexander Mader	Mahone Bay	50 gallons rum	$200 and costs.
13- 9-24	J. Church	Windsor, N.S.	7 gallons rum	$200 and costs.
13- 9-24	J. Church	Windsor, N.S.	8 gallons beer	$50 and costs.
6-10-24	A. Fletcher	Windsor, N.S.	14 gallons rum, 2 cases and 5 bottles Scotch	$200 and costs.
6-10-24	H. Hawbolt	Windsor, N.S.	40 gallons rum, 46 cases assorted liquors	$200 and costs.
30-10-24	Florence Tanner and John Wilnoff	Lunenburg	6 bottles alcohol, 1½ gallons rum	$50 and costs each.
6-11-24	Alfred Duggan	Prospect	9 sacks each containing 12 bottles assorted liquor. 4 cases assorted liquor; 3 5-gallon cans alcohol; 1 gallon jug alcohol; 1 Ford motor truck	$300 and costs.
29-11-24	Wilfred Creaser, James Ronky	River Port	6 cases in bags assorted liquor, 1 Chevrolet car	$200 and costs each. Paid.
2-12-24	Albert Channel	Halifax	5 gals. rum; 1 Reo truck	$500 and costs.
31-12-24	J. T. Arenburg	Lunenburg	13 cases whiskey	$200 and costs.
25- 2-25	C. Weaver	Blue Rock, N.S.	9 cases whiskey	$200 and costs.
2- 3-25	H. Tanner	Blue Rock, N.S.	6 cases whiskey	$200 and costs.
28- 3-25	Arthur Riley and J. B. Flinn	Halifax	40 gallons rum; 1 Ford Sedan	$200 and costs each.
25- 4-25	Marshall Dauphinee	Tantallon, N.S.	4 cases whiskey; 1 Studebaker car	$250 and costs.
30- 4-25	D. Hyson	Halifax	95 gallons rum	$200 and costs.
8- 5-25	G. Christian	Halifax	150 gallons rum; 1 Ford truck	$400 and costs.
8- 5-25	J. Selig	Halifax	199 cases whiskey; 550 gallons rum	$400 and costs.
27- 5-25	G. Dauphinee	Tantallon	11 cases whiskey; 1 Ford car	$250 and costs.
9- 6-25	Charles N. Dagley	Petite Riviere	3 bottles alcohol	$100 and costs.
16- 7-25	Harold Dauphinee	St. Margaret's Bay	4½ gallons rum	Case dismissed.
30- 7-25	Marshall Daphinee	Halifax	2–5 gallons kegs rum; 1 case whiskey; 1 Ford	$500 and costs.
1- 8-25	Anthony Barry	Maitland	10 gallons rum; 1 Ford car; 10 gallons alcohol	$200 and costs.
1- 8-25	Aaron Tanner	Stonehurst	6 sacks whiskey; 1 Ford T. car	$200 and costs.
15- 8-25	Charles H. Benoit	Charlottetown	15 gallons rum; Oldsmobile car	$200 and costs.
18- 8-25	Owner unknown	Smith's wharf, Halifax	100 gallons liquor labelled herring in barrels	Forfeited.
18- 8-25	Sam Walfield	Outer La Have Isle	56–10 gallon kegs whiskey; 222 cases whiskey; 185 gallons champagne.	2 years' imprisonment.
18- 8-25	Capt. Dawson Cleversey (Sam Walfield case).			$200 and costs.

10– 9–25	A. Joudrey	Maitland	10 bottles whiskey	$200 and costs.
19– 9–25	Murdock McKeil	Sheet Harbour	10 bottles rum; 1 gallon rum	$200 and costs.
11–12–25	Bernard Chute	Caledonia	1 gallon rum	$200 and costs.
20– 1–26	A. Barry	Lunenburg	10 gallons alcohol; 2 gallons rum	$200 and costs.
19– 2–26	W. O'Donnel	Halifax	1 McLaughlin car; 5 gallons rum	Liquor destroyed. Car returned. No prosecution.
26– 2–26	E. Shisler	Halifax	1 Auxiliary Schooner; 5–12½ gallon kegs pure Scotch malt; 6 cases whiskey; 2 sacks whiskey.	Case not yet concluded.
4– 3–26	L. Feener	Liverpool, N.S.	200 cigarettes	Awaiting trial.

Mr. CALDER, K.C.: I also ask leave to present the following report from Mr. Cortlandt Starnes, Commissioner of the Royal Canadian Mounted Police, containing suggestions for the organization of a secret and preventive service.

"ROYAL CANADIAN MOUNTED POLICE

OTTAWA, Ontario.

Memorandum regarding the Special and Secret Preventive Services of the Department of Customs and Excise, and the suggestion that these services be performed by the R.C.M. Police.

I. Preliminary Remarks

1. The above mentioned services, it is understood, are for the prevention of smuggling or of fraud, theft, etc., from the Government Revenue derived from the administration of the Acts administered by the Department of Customs and Excise. Generally speaking, they have no concern with the actual direct collection of duties, or the ordinary administrative details required under the respective Customs or Excise Acts, but are more particularly concerned with any evasion of the provisions of the Acts and with the prevention and prosecution of such evasions.

2. Leaving aside the actual collection of duties and other similar details of the administration of the Customs and Excise Act, the personal of the Preventive Service, from a Police point of view, may be divided into the following categories:—

(a) Those protecting the Land Frontier.

(b) Those protecting the Ports.

(c) Those protecting the revenue from inside fraud, laxity and dishonesty.

Each of the foregoing categories will be dealt with separately and suggestions put forward from a police point of view.

II. Boundary Line Protection

3. *Present Conditions.*—So far as I have been able to ascertain, the prevalence of smuggling on the very large scale to which public attention has lately been drawn is a comparatively recent development. The system of customs protection in existence on the land frontiers doubtless sufficed in past years; but of late—due in part to inventions like the motor car, and in part to social changes—the assault upon that system has become more intense, and the protective system must be strengthened if it is to be effective. Considering the resources placed by modern inventions, organizations, etc., at the command of the ill-disposed, I am disposed to believe that there is little or nothing along almost the entire International Boundary to prevent land-smuggling. There are, of course, Customs Houses, but most of these can be avoided so easily that they cannot in themselves be taken seriously as preventive measures.

4. *Suggested Improvements.*—Without undertaking to set forth a complete system of land protection, the following suggestions may be put forward tentatively.

A. Let the Customs Houses be placed near the line; those on the first-class highways to be exactly on the line, with suitable protection against either evasive or rushing tactics.

B. Let precautions be taken to guard all roads, other than first-class highways, which cross the boundary. These second-class roads, farm roads, tracks, etc., often are numerous; the Quebec-United States frontier from the St. Lawrence river to Hereford on the Maine Central Railway (where the boundary turns north from latitude 45) is crossed by no fewer than 63 roads of all sorts, within a distance of 150 miles, it follows that this task will need special treatment.

Apart from administrative measures, such as the watching of these roads by patrols, it is suggested that to be found traversing these inferior roads with merchandise be regarded as *prima facie* evidence of smuggling.

C. Buildings exactly on the line should be expropriated and levelled. It would be advantageous at certain points to insist upon a certain space—say 100 feet—between the boundary line and any Canadian building.

D. Detachments of the R.C.M. Police should be stationed along the boundary line. Their number and strength should be governed by the intensity of the attack, and would vary of course according to the importance of the district, proximity of markets and sources of supply of smuggled goods, roads, etc. Generally speaking, the principal detachments probably would be 40 or 50 miles apart, but there would be wide variations; along the stretch of Quebec frontier already mentioned they would necessarily be rather close together, while along the stretch further north and towards New Brunswick, fewer would be required.

5. Some additional remarks may be added upon the subject of boundary detachments.

A. If protection of this sort is to be essayed at all, I am of opinion that it should be done thoroughly at the outset, with a large number of detachments, and these well manned.

B. Most of the boundary line detachments should be supplied with high-powered cars for use during the season when the roads are open; in some districts arrangements might be possible whereby the assignment of a fact and powerful car to each detachment would be unnecessary. Precautions, the exact number of which it is unnecessary to mention here, should be taken to render difficult the recognition of these cars by the smugglers.

C. During the winter months, it might be necessary to furnish the Boundary Line detachments with horses.

D. Such Police detachments should consist of from two or three men, all of whom should be empowered to stop and search all persons crossing the Line, withoaut reporting to the Customs Officers, and to make frequent checks of those who have reported, to prevent laxity in examination. They should also be empowered, under Writ, to search all dwelling houses, barns, etc., thought to conceal smuggled goods.

E. On river frontiers, such as the Niagara, Detroit and St. Clair, and also at the more important Ports, fast and powerful launches might be necessary.

III. Protection of the Ports

6. No suggestions are put forward regarding any sea-patrol, sea preventive service or preventive service on the Great Lakes, other than the need for launches on certain rivers and at important Ports noted in the sub-paragraph preceding this. My remarks in the paragraphs immediately following are confined to Police requirements on shore at the sea-ports and more important inland ports.

7. *Present Conditions.*—Very few preventive measures are in operation at present at the sea-ports and inland ports. Customs Officers, of course, are stationed at them, to be reported to by the honest and avoided by the dishonest at will, in a manner similar to that existing along the Boundary. The condition from a Police point of view is not satisfactory.

8. *Suggested Improvements.*—The following proposals are put forward:—

A. At sea-ports and such important inland ports as may be considered necessary, appoint a Port Patrol. This Port Patrol to consist of two men and a high-powered car for duty at the docks, day and night, to watch for smugglers and suspicious movements. Such men to have special powers to check up officials of the port boats and boat companies.

B. Appoint a special squad of men on foot at the docks of ports above referred to, to watch and cover by day and night all suspects and suspected ships. These men to be empowered to search persons and parcels.

C. Take steps to prevent the present system of allowing strangers to wander at will around the docks.

D. Shipping Companies to be held responsible that their ships and crews do not encourage any smuggling, penalties being inflicted upon the Company as well as upon their employees, if the latter are convicted.

E. Take such steps as may be necessary to prevent members of crews leaving their ships without permission, and if carrying parcels to be covered by Customs Officer's slips.

IV. Protection from Inside Fraud, Theft, Etc.

9. Certain general observations may be offered under this head.

A. Avenues of Smuggling

10. The present methods of smuggling through fraud fall under one or more of the following descriptions:—

(a) Undervaluation of the goods imported.
(b) Understatement of the quantity of goods imported.
(c) Concealment of contraband in non-dutiable or low tariff consignments.
(d) Concealment of contraband in baggage.

11. To be successful in any of these methods, there must be laxity, collusion with dishonest officials, or a faulty system. Without impugning the integrity of the vast body of Customs officials, for whose honesty and sincerity of purpose I have a high respect, it is submitted that it is advisable to strengthen the work of the capable and conscientious officials by methods designed to detect any unworthy members of their staff.

12. The avenues of fraud numbered (a) and (b) in paragraph No. 10 will be closed if all appraisers scrupulously follow definite instructions regarding values and the checking of cases or containers and their contents with the invoices.

13. Avenue (c) in paragraph No. 10 could be greatly narrowed if a rigid enforcement of Section 111 of the Customs Act were insisted upon, with severe penalties for non-compliance which would permit no excuses. As an expedient to prevent collusion it is suggested that no owner be allowed to pick out which cases shall be sent for examination and no official to know ahead of time just what consignments he will be called upon to examine. The Tey de Torrents and Keith-Vaughan Harrison frauds would not have occurred had this precaution been taken.)

14. With regard to Avenue (d) in paragraph No. 10, the remarks in paragraph No. 13 apply, with the addition that special attention should be paid to unclaimed baggage; this should be taken to a Customs Examining warehouse and properly examined without any delay. Penalties for non-compliance to be instituted.

B. Police Preventive Squad against Inside Fraud, etc.

15. *Suggested Improvements.*—If the suggestions made above are put into effect, it would be necessary to take the following Police measures to ensure that they are strictly carried out:—

16. Appoint a special Police Squad at each seaport and such inland ports as may be considered necessary, periodically to inspect and re-inspect and check all goods in Customs Examining Warehouses, or on docks or stations etc., at uncertain times. By this means, at any moment unknown to the Customs Officials, the Police Squad would proceed to the Customs House, dock or station and thoroughly search and check up all goods or baggage for the day. In the circumstances no dishonest Customs Officer could possibly protect any smuggler,

and such cases as the trunks of Cooper, Snable, Putzman, Rottenberg, Albert Martin and the Spanish Consul case could not very well recur. Traps for unfaithful Customs Officials could also be set from time to time, and the severe penalties for neglect of duty or other offence strictly enforced.

C. Control of Bonded Warehouses.

17. The Police Squad above mentioned could also be used in connection with the checking of bonded warehouses.

18. *Present Conditions.*—Theoretically, the situation here is satisfactory, but unscrupulous persons at times get control of these warehouses, and to prevent improper use and fraud, these bonds should be carefully inspected at indefinite periods and the owners and their business also given some investigation to ascertain if a profit is being made. If not, something is radically wrong. If profits are very large, this may be worth while investigating further also.

19. *Suggested Improvements.*—A systematic inspection and checking of these bonds, and the frequent change of lockers from one bond to another is also suggested.

V. Position of the Secret Service.

20. *Secret Service.*—The foregoing remarks set forth what, in my opinion, are certain improvements for the Boundary Line, sea-ports and inland ports, and for a check on the inside working of the Customs Service. Information of what is contemplated by the smuggler from outside the service is also required, and to obtain this a special Secret Service is necessary, which will be referred to later.

21. *Freedom of Action for Preventive Service.*—The success of the preventive measures suggested in the foregoing depend upon the strict enforcement of the penalty clauses against dishonest Customs Officials already referred to and upon freedom for the R.C.M. Police, not only in making investigations, but also in instituting proceedings and in carrying them to a conclusion before the Courts.

22. To arrive at such freedom of action it is suggested that either:—

(1) Sub-Section 5 of Section 2 of the Department of Customs and Excise Act, be amended giving the necessary powers to the Commissioner of the R.C.M. Police to appoint such members of that Force as he may desire, to be Acting Customs and Excise Officers, and such commissioned officers of that Force as may be required to be acting Collectors of Customs and Excise, notwithstanding anything to the contrary in the Civil Service Act or any other Act, or

(2) Sections 8 or 12 of the R.C.M. Police Act, be amended to give the same powers as those referred to in No. (1).

23. It would appear to be better to adopt the second procedure, so that in case the administration of either of the Customs or Excise Acts were transferred to another Department, it would not be necessary to make any new enactment to cover the operations of the Preventive Service of the Police.

24. Furthermore, the R.C.M. Police Act would require some amendments to cover the Preventive Service work in any event, and it would appear to be preferable to have the powers of the Police in the Police Act itself.

VI. Amendments to the R.C.M. Police Act.

25. In addition to the amendments suggested to Section 8 or 12 of this Act, above referred to, enacting that the Commissioner of the Force may appoint members of the Force Acting Customs and Excise Officers and Acting Collectors of Customs and Excise, the following are also suggested as being very essential:—

26. Provide for a Criminal Investigation Branch, with a Secret Service Sub-Division, specifically in the Act, the reasons for which will be apparent from what follows. This Branch with its Secret Service Sub-Division, has in point of fact been in actual operation for quite a number of years, and I am now of opinion that the time has come to provide by Statute for the whole process of criminal investigation for the Federal Government under one enactment, so that all Departments of the Public Service will be dealt with alike in the matter of receiving information on any investigations. It is therefore suggested that either Section 8 or 12 of the Police Act be amended to provide for:—

(a) The creation of a Criminal Investigation Branch, a part of which to be known as the Secret Service, the former to deal with the enforcement of all Federal and other laws of Canada which the R.C.M. Police, under the Commissioner and the various Officers Commanding the respective Police districts, may at the time be responsible for, and the latter to deal with such secret investigations into such matters as the Minister in control of the Force may require.

(b) If the R.C.M. Police are to be empowered to prevent smuggling, fraud, etc., the amendment suggested under (a) above, to include special reference to these duties, if the amendment already suggested is not considered sufficient to cover them.

(c) All reports of investigations to be made to the Commissioner, who should be empowered to use his discretion as to when and what reports shall be sent to any other Department, but that after the result of any prosecution is known, a summary of the case to be furnished to any Department interested.

(d) The powers of the members of the Force and the assistance they may demand and obtain in the performance of duty from other members of the Public Service of Canada, with penalties for deliberate refusal to assist. Any deliberate exposure of any member of the R.C.M. Police or Agent on any investigation by any member of the Public Service to be made an offence and punishable by law.

(e) The Commissioner of the Force to apply to the Department concerned in any intended prosecution for Counsel to assist in such prosecution, and the expenses of such Counsel to be a charge on the Department concerned.

(f) The expenses of the Criminal Investigation Branch, with the exception of the Secret Service Sub-Division, to be paid from the Mounted Police appropriations.

(g) The expenses of the Secret Service, including money for the purchase of information, to be paid from the *unappropriated funds of the Consolidated Revenue of Canada*. This would give freedom of action in secret service matters and would prevent delays in payments for information. The present situation with regard to the latter is far from satisfactory, and will be referred to again later.

(h) The Secret Service to consist of such number of officers and men of the R.C.M. Police as may be considered necessary by the Minister in control of the Force, and service in such Secret Service to count towards pension, but this last provision not to apply to agents who may be employed from time to time to obtain information.

(i) Special powers for selected members of the Secret Service to examine, in secret, upon the request of the Commissioner, telegrams and telephone calls of Telegraph and Telephone Companies, bank accounts and books of private firms, with penalties for refusal and for breaches of faith or trust on the part of the members of the Secret Service. These

latter, as already provided under Sections 28 to 30 of the Police Act (max—12 months H.L.) may be considered adequate.

(j) The removal of the word "Agents" in Section 8, of the Act (if necessary) as it is already covered in "h" above, and in "l" below.

(k) An extension of the "age limit" referred to in Section 14 of the Act to allow specially qualified or desirable men to be engaged in the R.C.M. Police for duty in the Secret Service, if necessary.

(l) The amendment of Section 21 of the Act to cover special pay for the members of the Secret Service and Agents and for the purchase of information, if necessary.

VII. Operation of the Secret Service

27. For present needs, the Secret Service could continue to be operated with:—

(a) The regular members of the Secret Service drawn from the R.C.M. Police, some of whom could be furnished with the special powers already referred to.

(b) The temporary Secret Agent, who could be employed from day to day, to obtain information, with very little or no powers.

(c) The purchase of information which should be made promptly, if considered worth having at all.

28. *The Regular Members of the Secret Service.*—These should be members of the Force for purposes of pay and discipline and some of them stationed at such points as New York and in such other places in countries outside Canada as may be considered necessary, to watch and detect goods leaving Canada via the underground routes. They should be specially selected as highly trained investigators and absolutely trustworthy.

29. *The Temporary Secret Agent.*—These men would have no powers, but would be paid either daily, weekly or monthly wages for their services in obtaining information, according to their utility.

30. *The purchase of information and the payment of expenses for Secret Service.*—The present condition with regard to the payment of information is far from satisfactory. Persons giving valuable information for money usually have to wait months for their money—this is so under the Customs Act for example, and generally become disgruntled in the end and use deceit and trickery all round.

31. To avoid all this, I have recommended that all Secret Service Expenditure, including payments for the purchase of information, be paid from the unappropriated funds of the Consolidated Revenue of Canada.

32. This would enable persons giving valuable information to be paid a major portion of what may be due to them or promised them upon agreement, without delay. It might be considered fair in some cases to deduct such initial payment from any amount due to them as informants under any seizure made as the result of their information, but that is a matter to be decided. The main point is to pay and pay quickly where the information is of value.

VIII. Amendments to Customs or Excise Act

33. In addition to providing for the penalty clauses for officials of the Customs Department, who are lax or dishonest, already referred to, the undersigned is of opinion that an amendment should be made doing away altogether with a "Seizing Officer's Share" either in the Police or Customs Service, in so far as the Officer himself is concerned.

34. All money accruing to either Customs Officials, Police Officials or Secret Agents (but not perhaps civilians selling information) as the result of a seizure,

should be placed in a Trust Fund similar to the R.C.M. Police Benefit Trust Fund, to be used for the benefit of the whole service, by promoting recreation, granting rewards for good work, giving assistance in sickness, etc.

35. Shares or moieties tend to breed unscrupulous officials and inefficiency for the following reasons:

A. They create the tendency to neglect other work for that which will bring in dollars and cents.

B. One officer may work for a month and get nothing. Another officer, who may be lazy, may sit and await the money opportunities only.

C. They tend to make seizures without arrests, instead of arrests and convictions. Convictions and jail sentences are necessary to stop smuggling.

D. They create rivalry, and an officer may neglect to call in necessary help because he may have to split the proceeds, consequently men sometimes escape.

E. They cause premature seizures. The tendency is to grab before anyone else does.

IX Personnel and Equipment Required

36. There are some 150 Customs Ports of varying degrees of importance in the country, distributed as follows:

Nova Scotia	28
Prince Edward Island	2
New Brunswick	12
Province of Quebec	24
Province of Ontario	56
Province of Manitoba	5
Province of Saskatchewan	5
Province of Alberta	4
Province of British Columbia	13
Yukon Territory	2
Total	151

In addition to which, there are over 400 outports and stations at which revenue is collected, and it is therefore evident that any special preventive service will be kept busy checking up on all Customs Officers to prevent collusion, laxity, etc., apart from the ordinary duties of apprehending smugglers, unless it is found possible to reduce the number of outports and revenue collecting stations.

37. I estimate that the requirements, at the outset, will be the following additional officers, men, detachments, high-powered motor cars, motor launches and Secret Service personnel, apart from any extra horses later:

MARITIME PROVINCES, including Prince Edward Island, New Brunswick and Nova Scotia

—	Officers and men	New detachments	Motor Cars	Secret Service
Prince Edward Island (one detachment, two cars, 4 men). New Brunswick (4 detachments, 6 cars, 11 men).				
Nova Scotia (7 detachments, 12 cars, 26 men)	41	12	20	3
Province of Quebec	40	13	15	3
"O" Division, Toronto	32	4	11	3
"D" Division, Winnipeg	26	4	7	3
Southern Saskatchewan District	20	2	6	3
Southern Alberta District	24	4	8	3
British Columbia	25	9	12	3
	208	48	79	21

together with six fast motor launches for the following points: Halifax; St. John; Montreal; Windsor; Niagara; Vancouver.

Respectfully submitted,

CORTLANDT STARNES,
Commissioner, R.C.M. Police.

ALBERT E. NASH recalled.

By Hon. Mr. Bennett:

Q. Mr. Nash, you were asked when the committee rose, to prepare a memorandum indicating certain items that you had found in certain distillery accounts. Have you prepared that memorandum?—A. Yes sir, I have.

Q. You might read it to the committee.—A. The memorandum is taken from the figures that I have had as reported to me from those of my firm who conducted the investigation, and deals with—

Q. They are not firsthand items from you?—A. They are not firsthand items from me.

Q. When you say certain things were said, they were said to somebody else, who told you?—A. No, I did not say that.

Q. I mean your associates?—A. No, not altogether. In some cases, things were said to me.

Q. In some cases, to you yourself, and in others, to your associates?—A. Yes, or my partners.

Q. I think it is very desirable that you should indicate where matters were said to you personally, and where matters were said to somebody else, because a chain of evidence which depends upon three hearsays is not usually regarded as good evidence;—it might be here, by some people.—A. I think, Mr. Bennett, you have not the thing very clearly in your mind. The investigation was conducted by my partners, and members of the firm, and the matters of which I speak are recorded in the notes that are taken during that audit.

Q. Not taken by you?—A. No, but taken by me.

By Mr. Kennedy:

Q. Were they prepared by you?—A. Prepared by the members or the staff of the firm.

The CHAIRMAN: Under your supervision?

Hon. Mr. BENNETT: Not necessarily.

Mr. KENNEDY: So far as the report is concerned is it a firsthand report?

Hon. Mr. BENNETT: It is not firsthand.

By Hon. Mr. Bennett:

Q. Certain notes were given to your associates or to your partners—.—A. And to me.

Q. And to yourself?—A. Yes.

Q. And you have prepared a report based upon the assumption that what was written down by your partners or associates was true?—A. Exactly.

Q. That is the story?—A. Yes.

Q. Now go on. We know the value of it. Let us have it.—A. The firms dealt with are Hiram Walker and Sons Limited, Gooderham and Worts, Seagrams, and the Ste. Hyacinthe Distillery, which is part of the consolidated group. The records show that certain accounts, which I will indicate, have been charged with certain amounts, which I will indicate, against them. Hiram Walker and Sons Limited, in the year 1924-25 in an account in their books called "Protecting Trademarks" were charged with items aggregating $62,900; in the

year 1925, the same company; an account in their books under the caption "Profit and Loss" account is charged with $79,137.50; Gooderham and Worts in 1924-25, an account sales "Sales Promotion" is charged with $69,100; J. E. Seagram and Sons Limited, nothing; Ste. Hyacinthe Distillery Company, an account in their books called "Reserve for Contingencies" is charged with $63,000.

By the Chairman:

Q. Is that all?—A. That is all.

By Mr. Kennedy:

Q. You said you got an explanation from some one that some of this had gone for campaign funds?—A. One person whom I spoke to.

Q. Whom you spoke to personally?—A. Yes.

Q. Do you mind giving us his name?—A. Well, if I have to—I prefer not to give the name.

Q. I think we ought to have it. There has been a great deal of suggestion here, and it is no value to us otherwise.

Hon. Mr. BENNETT: I don't think that is necessary.

Mr. KENNEDY: There may be a difference of opinion about that. The committee can draw its own conclusion. It is an explanation with regard to the accounts that were audited by the auditors.

The WITNESS: Mr. Chairman, I do not think this is a proper thing for me to answer. However, I am in the hands of the committee, and if they say I should answer this, I will. This was simply a conversation I had with one person, and I asked the question.

By Mr. Kennedy:

Q. Is this person in a position to know?—A. Yes, I think so.

By the Chairman:

Q. You put this question in the execution of your duty?—A. Exactly.

Q. Yourself, or your agent there?—A. Yes.

Mr. KENNEDY: I think there is nothing more sacred about this than the others.

Mr. DALY: I suppose the protest I made this morning will cover all these things, and that I need not rise to protest every time a question is asked which is entirely outside the scope of this inquiry.

Mr. KENNEDY: This objection has been raised before. It seems to me it is just as relevant as the question of whether or not Mr. Turner had a mortgage on some Collector's house in Rock Island, or some personal loan between Mr. Brien and Mr. Giroux. It has the same bearing. We have had a lot of that kind of evidence.

Hon. Mr. STEVENS: I do not see why we should make any secret of this matter at all. Certain things have been dragged out here, and we might as well have the facts of the case.

Mr. KENNEDY: That is all I am asking.

Hon. Mr. STEVENS: Let him answer the question. We are surrounding people here with mystery, who may be quite innocent.

Hon. Mr. BENNETT: The responsibility should be the auditor's, not ours. He has made an observation; I certainly shall not protect him. I have my idea of what his duties are, and he knows them as well as I do.

The CHAIRMAN: I think it is better for you to answer the question, not only so far as the information is concerned, but to protect yourself about a

statement you made. If it was incomplete, it should never have been made. Now it is out, it should be completed.

The WITNESS: I am not sure whether the answer was made to me in confidence or not. That is why I am a little bit reluctant to repeat it.

The CHAIRMAN: You are protected, because you were within the execution of your mandate.

The WITNESS: I am not concerned so much with that.

The CHAIRMAN: If somebody told you something that you are not sure of, they have to bear the full responsibility before this committee.

The WITNESS: If that is what the committee thinks, all right. If they think I should repeat the conversation I will do so. On a visit to Hiram Walker and Sons Limited, I saw Mr. Walker, and I asked Mr. Walker if he had made a contribution to campaign funds, and he said "Yes, to both parties." That was his exact answer.

By Mr. Kennedy:

Q. Which Walker is that?—A. I think it is Mr. Hiram Walker. That is all the conversation.

By the Chairman:

Q. He lives in Detroit?—A. No, Walkerville.

By Mr. Donaghy:

Q. Hiram Walker and Sons, the distillers?—A. Yes. I think he added that he did not know whether it was any matter that concerned the Customs inquiry or not. I do not recall exactly the rest of the conversation.

By the Chairman:

Q. Did he pay the excise under the legislation of this committee?—A. Yes; that has been reported upon. I do not even know whether Mr. Walker was referring to the particular amounts I have here or not.

By Hon. Mr. Bennett:

Q. Your question was not referable to these amounts?—A. Not altogether, Mr. Bennett; not to these particular amounts; it was to amounts that would be included in this.

The CHAIRMAN: Are you satisfied, Mr. Kennedy? We would like to satisfy you.

Mr. KENNEDY: Yes.

Mr. DOUCET: You said "both parties?" Did you say "two" or "three?"

The CHAIRMAN: That is all.

The witness retired.

Mr. DONAGHY: I want to ask Mr. Wilson a question or two.

The CHAIRMAN: I will call Mr. Veit first, as Mr. Bennett wants to get away.

ALBERT VIET called and sworn.

By Hon. Mr. Bennett:

Q. Mr. Viet, I am sorry, but I have to go away, and the Chairman was good enough to call you at this time. I have been a little concerned about this sales tax matter. I have observed in the summary you prepared that you show there are 416 firms in arrears in sales taxes, presumably at the end of

May. Is that right?—A. That statement was not prepared by our branch. The arrears are handled by the Chief Inspector under the direct supervision of Mr. Lennie, who is here this afternoon.

Q. What are your duties?—A. Administration of sales tax only.

Q. Are you responsible for their collection?—A. No.

Q. When you spoke of being responsible for administration, just what did you mean?—A. Giving information to the public as to the application of the taxes.

Hon. Mr. BENNETT: Thank you. I do not need you any more.

The witness discharged.

EBENEZER LENNIE called and sworn.

By Hon. Mr. Bennett:

Q. You are connected with the Sales Tax Branch of the public service?—A. Yes, sir.

Q. Who is your immediate chief?—A. The Chief Inspector of Customs and Excise is immediately chief.

Q. Namely?—A. E. S. Busby.

Q. I observe from the summary you have prepared, and a copy of which is before you, of 31st May last there were twenty-four firms in arrears in Nova Scotia, one in Prince Edward Island, five New Brunswick, 173 Quebec, 144 Ontario, 11 Manitoba, Saskatchewan 13, Alberta 6, British Columbia 39, a total of 416. Please explain to the Committee how these arrears arose?—A. Well, they simply arose, Mr. Bennett, there are a number of firms that did not pay taxes when it became due.

Q. When do they become due?—A. The taxes become due by the close of the month next following that in which the sales occur.

Q. In other words, for the sales that end on 30th April the time for payment expires on 31st May?—A. Yes.

Q. That is final?—A. Yes.

Q. These 416 firms that are in arrears represent firms who neglected to make payment within thirty days or more?—A. They did, Mr. Bennett, I think you will find that that statement is qualified at the end.

Q. It says taken from the last monthly statement received?—A. Yes, from collectors. It goes on to say that list does not include firms whose accounts were in the hands of the Department for collection.

Q. That is checking up the correctness of the return, it does not include firms whose accounts you are checking up in the audit branch?—A. Yes, absolutely.

Q. These 416 firms were in arrears of taxes, and that is not a question of audit?—A. No.

Q. That is current business?—A. Yes.

Q. Could you tell the Committee how many were in arrears more than thirty days, or sixty days, or ninety days or three months?—A. It would take a little while to obtain the information.

Q. It has just casually come to the attention of the Committee that some are in arrears a year six months, or nine months; is that true?—A. Yes.

Q. We do not want to go into the names for obvious reasons.—A. The proportion of the 416 that were in arrears for nine months or a year would be small.

Q. As to six months you could not say?—A. No.

Q. Have you any suggestions to make as to how that condition can be remedied?—A. You are asking my personal opinion?

Q. Yes, the reason you are called is to give any opinion you can, as the loss of revenue appears to be considerable.—A. My personal opinion is that if collectors of Customs and Excise at the various ports were given authority to enter action when firms became two or three months in arrears it would have a very good effect on stimulating collection.

By Hon. Mr. Stevens:

Q. Without reference to Ottawa?—A. Yes, I say that is my personal opinion.

By Hon. Mr. Bennett:

Q. In other words, if Ottawa gave these orders, as an order generally to all collectors it would effect your purpose?—A. Yes.

By Hon. Mr. Stevens:

Q. Could you say about what the loss has been during the last few years with respect to this sales tax?—A. Men who went out of business, got in arrears and went out of business?

Q. Yes, and did not pay.—A. That is a question which would be pretty hard to answer, Mr. Bennett.

Q. I do not expect you to give an exact amount; have you any idea, in a general way, in terms of thousands of dollars?—A. No, I could not say.

Q. How long would it take you to find out? I do not want to put you to an extraordinary amount of work.—A. The firms who have failed and gone in arrears and have gone into liquidation and as a result we have not received taxes?

Q. What is the loss to the revenue from firms that were not got after to pay their arrears up at the expiration of thirty days when the tax became due? Do you follow me?—A. Yes.

Q. Could you assert that?—A. Yes, we could ascertain that, I think, in the course of a day or so.

Q. Well, we will leave that for the moment; it is a substantial sum, I am informed, that has been lost. "I do not know", you say?—A. We can get the information.

Q. It is quite a general practice with those who get into arrears?—A. Well, firms frequently do.

Q. You do the best you can?—A. Yes, we do the best we can to keep them up to date.

Q. In connection with these firms that have not paid after thirty days or sixty days you do not pursue them, or do you, take these fly-by-night concerns? You, of course, have to do the best you can?—A. Yes.

By the Chairman:

Q. I would like to know personally when the disease started, and you will make a statement since the inception of the Sales Tax Act up to date.—A. Of the—

Q. The amount of loss each year since the inception of the Act.—A. If we do that it will take a little longer time to compile.

Q. We will give you till Tuesday.—A. Yes.

Q. We would like to know when the disease started and we will compare every year.—A. Yes.

By Hon. Mr. Stevens:

Q. Tell me, in the method of collection of the Sales Tax, precisely how it is done. Will you just briefly give us an outline? For instance, supposing we had a case before us of a firm that had got into arrears for say six months,

what has been done by the Department to bring about payment up to the point where it is decided to enter action?—A. Well, the practice that has been followed is to have the Assistant Inspector take an audit of the business of the company, find out how much money is actually owing.

Q. How does the Assistant Inspector step in after thirty days have expired? —A. Well, the Assistant Inspectors and the Inspectors have instructions to examine the arrears list at the ports and to handle these cases as expeditiously as possible. Sometimes an assistant inspector reaches a firm that is two or three months in arrear; sometimes it is longer depending on the amount of work he has on hand.

Q. Is there any regulation making it obligatory upon the collector of the port to report immediately all those in arrears?—A. The collector reports monthy to the Department.

Q. All those in arrears?—A. Yes.

Q. So the Department have before them early in the following month a complete list of those in arrears?—A. Yes, the collectors have instructions to send the lists in by the tenth of the month.

Q. Who directs when the inspector shall go and make an audit?—A. The Chief Inspector's office.

Q. It would appear, if such steps were taken promptly and vigorously, that the collections could be speeded up. Is there any reason why that is not done?

By the Chairman:

Q. It is the reason offered to the Department?—A. The arrears at the present time, I think are not so very bad, 416 that have not been handled by the Department out of a total—I am not sure—including a number of licenses, I think somewhere in the neighbourhood of fifteen thousand.

By Hon. Mr. Stevens:

Q. Now, in your experience do you think there are many firms not paying a sales tax at all who ought to be, who have not been discovered or uncovered? —A. There may be some, there have been some discovered from time to time. I think the matter is pretty well covered now.

Q. Is there any machinery by which an effort is being made, a constant effort being made, to discover any that are seeking to evade; I do not mean those who are licensed and are unkown but those running by license, and who ought to be paying?—A. Collectors of Customs are held responsible for licensing firms in their territory. They have outports and hold the collectors at the outports responsible.

Q. Let me take any of the larger cities, Toronto, Montreal or my own city, Vancouver, which is a large city; the collector could not possibly know all the business concerns in the city. What means does he take to check up to find out the firms entitled to pay the sales tax and who are paying it?—A. He has a business directory and a staff under the collector. There are men on the staff who are looking out for that sort of thing.

Q. You do not know of any systematic method that is in vogue of doing it? Really, it strikes me the number is not large as it ought to be. You say some fifteen thousand from the whole of Canada?—A. It is my recollection—you understand no person could control so many firms' licenses under the Act as it existed previous to January, 1924; all wholesalers were licensed at the time.

Q. Is it your opinion the country is getting, substantially, a full return, barring, of course, certain companies' failures?—A. Yes, I think that the country is getting a fair revenue from the taxes. Our audits, from time to time reveal we have not been getting what we should and means are being taken to collect.

Q. You suggest that collectors should be given charge, or should be instructed to take action, where, in their judgment, an arrear for thirty days justifies taking such action?—A. That would be my suggestion, Mr. Stevens.

By Mr. Donaghy:

Q. Very often these concerns plead that they have not the money to pay, I suppose, and get delays?—A. There have been cases of that kind where representations have been made to the Department insisting that immediate payment of the whole amount would force the firm out of business.

Q. Into liquidation?—A. Yes.

Q. Sometimes you defer action on that account?—A. Yes.

Q. When you come to take action the only effective method is employing a lawyer and getting judgment?—A. Yes.

Q. And some may make arrangements to pay on monthly instalments on the arrears?—A. Yes.

By Mr. Kennedy:

Q. In some cases, Mr. Lennie, you shove the case right along and put them out of business?—A. I do not think that I can recall a case where we have actually put a firm out of business.

By the Chairman:

Q. You have the privilege and you take everything?—A. We do up to a certain time, and at a certain time. We lost the privilege on the thirtieth of June last.

By Mr. Donaghy:

Q. If you had a hard and fast rule that the man who is in arrears thirty days is to be sued and judgment and execution put through, how do you think it would work as compared to the present method?—A. There might be individual cases where it would work a hardship, but I think sometimes the deferring of action only leads to the accumulation of arrears and probably the man is in a much worse condition at the end of a few months than at the end of one or two months.

Q. Are the amounts very often disputed; that is, the accuracy of the tax that you notify a man he owes?—A. Sometimes they are.

Q. And where they are in dispute, and recourse is had to a lawsuit, that is a slow and costly process of collecting. Do not you think it would be much simpler if there was power of distress, as a landlord has, where accounts are in dispute?—A. Yes, or if we could take summary action.

Q. Lawsuits often drag on for months, and the goods disappear.

Mr. CALDER, K.C.: Municipalities can seize by distress.

Mr. DONAGHY: Yes, municipalities can seize by distress, and I do not see why the Dominion of Canada cannot adopt the same procedure.

By Mr. St. Pere:

Q. Have you found that the Department has lost any money owing to parties getting an extension of time?—A. Well, in time, yes.

Q. The only trouble is that they sometimes fall in arrears in their current taxes.

The CHAIRMAN: And pay so much on the instalment plan.

By Hon. Mr. Stevens:

Q. I suppose that would be a class of business you might term a "hand to mouth" business, where they are doing business mostly on a cash basis, and are not well established firms?—A. Well, sometimes.

The CHAIRMAN: You are dicharged.

Witness discharged.

W. F. WILSON, recalled.

By Mr. Donaghy:

Q. Mr. Wilson, you prepared a memorandum in regard to the Preventive Service at Rock Island from 1912 to 1924?—A. Yes sir.

Q. It was in 1924 that Mr. Bisaillon put in operation his Preventive force down there?—A. Yes sir.

Q. There were approximately how many men, five or six?—A. I think he had eight or ten men there at times.

Q. And from 1914 up to 1924 was there any regular patrol of the Rock Island vicinity by the Preventive force?—A. No regular patrol such as Mr. Bisaillon inaugurated; men were sent there on occasion.

Q. When complaints came in, you sent men down to investigate them?—A. Yes sir.

Witness retired.

Is Mr. Perkins here?

Mr. CALDER, K.C.: I have an explanation from my learned friend (Mr. Daly) why Mr. Perkins is not available to-day. He has been trying to get in touch with him.

Mr. CALDER, K.C.: I will put in the Sixteenth Interim Report of the Auditor, as Exhibit No. 235.

EXHIBIT No. 235

Sixteenth Interim Report to Special Committee Investigating the Administration of the Department of Customs and Excise

CLARKSON, GORDON AND DILWORTH
CHARTERED ACCOUNTS

TORONTO, CANADA, 9th June, 1926.

The CHAIRMAN,
Special Committee,
Investigating the Administration of the
Department of Customs and Excise,
Ottawa, Canada.

SIR,—As auditors of your Committee, we beg to make our sixteenth Interim Report as follows:—

This report deals with the books and accounts of the Royal Cloak Company.

The Royal Cloak Company, a partnership, started business in 1908, the partners being Harris Goldberg and Davis Goldberg. No written partnership agreement has been produced. Messrs. Morris and Frank Goldberg, sons of Davis Goldberg, have taken an active part in the management of the business during the past two years. The firm carries on business of manufacturing ladies cloaks.

Two subsidiary companies are connected with the partnership, viz:—

1. Continental Cloak Company.
2. G. & S. Dress Company.

The Continental Cloak Company is said to have discontinued business in April, 1925. They kept a separate set of books up to the end of 1924, but these books are missing. During 1925 we have seen transactions of this company in the books of the Royal Cloak Company.

The G. & S. Dress Company began business in the Fall of 1925 in the same building as the Royal Cloak Company. We have seen no books but have seen transactions of the Company recorded in the books of the Royal Cloak Company.

Missing Books and Records.

Practically all the books and records of the Company prior to 1925 are missing, except a petty cash book for 1924 and correspondence files and invoice files for 1923 and 1924. Mr. Morris Goldberg stated that any missing records must have been destroyed in a fire, which occurred in premises in the same building which they occupied in 1924, or were lost in moving to their present premises in April, 1925.

The General Ledger on the 25th of November 1925, the end of the firm's fiscal year was out of balance $105,030.03. Several paid cheques and payrolls for the year 1923 were also missing.

Customs Preventive Officer, C. B. Alexander, examined the firm's records during December 1925, and January 1926, and seized certain American invoices, which he gave us and also his report. Mr. Alexander has also been of material assistance to us in the course of our investigation.

Purchases from Textile Mills Corporation, New York

The above Corporation acted as purchasing agent for the Royal Cloak Company. In the files handed over to us by Officer Alexander we found invoices (which had not been passed through Customs) dated 1923 and 1924 of the Textile Mills Corporation, totalling $9,357.11. The goods shown on these invoices seem to have been passed through the Customs on other invoices of the Textile Mills Corporation, bearing the same date and general description of the goods, but charged as only $5,554.21, an apparent undervaluation of $3,802.90.

In 1925 invoices from the Textile Mills Corporation totalling $2,375.83, were passed through the Customs and duty paid. In the files handed over to us by Officer Alexander we found invoices for $4,235.40 from four American Firms marked "To be shipped to Textile Mills Corporation", for apparently the same goods, the general description, quantities (and in some cases the numbers of the packages) agreeing, showing an undervaluation of $1,859.57.

Purchases from the Empress Novelty Company

Officer Alexander handed us invoices of the above Company dated 1923 totalling $477.32, which had been passed through Customs and duty paid. Attached to these invoices were invoices having the same dates for approximately double the amounts, no detail of the goods being given, but marked "Services, Styles and Postage."

Sundry American Invoices, on which no Duty Payments can be Traced

We also found American invoices in the files of the Company totalling $1,093.89, on which duty was not paid. Two of those invoices totalling $500.25 agreed in quantity and description with two invoices totalling $296.26 for the same concerns passed through customs and duty paid. There was, therefore, apparently an undervaluation of $204.00 on these two invoices.

Sales Tax

As stated previously in this report we found the General Ledger out of balance $105,030.03 on 25th November 1925. Further examination showed that this difference was made up by sales of the Firm and of the Continental Cloak Company, an associated company, covering the period from 1st January 1925 to 25th November 1925 and which were not credited to the sales account. We have been unable to find any copies of invoices covering these sales or any trace of payment of sales tax on same.

Sales Tax on these sales (after taking into account the reduction allowed by the Sales Tax Department) would amount to over $4,000. In the absence of missing records we cannot say how much sales tax was not paid in 1924 and prior years.

In the year 1923 the Trial Balance of the Firm shows a "Mutual Account" with credit balance of $35,414.68. In preparation of the Firm's profit and loss account this amount was added to sales. As the books and records of the Company for 1923 are missing we are not able to state whether these accounts represent additional sales of the Company, on which sales tax was not paid.

Respectfully submitted,

CLARKSON, GORDON & DILWORTH.

FRANK GOLDBERG, called and sworn.

By Mr. Calder, K.C.:

Q. Are you a member of the Royal Cloak Company?—A. Yes sir.

Q. A partner?—A. Well, yes.

Q. Then you know something about the business?—A. Well, the selling end of the game, yes.

Q. Where are the books prior to 1925?—A. I really can't tell you, Mr. Calder.

Q. There were books in 1925?—A. I do not like to keep on saying "I do not know," but I have not any idea of any books at all. My end of the game is selling.

Q. Who are the Textile Mills Corporation, New York?—A. I can't say, sir; I have not been to New York in years.

By Hon. Stevens:

Q. How long have you been a partner?—A. Not very long, Mr. Stevens. You see it is a father and son business, practically all one.

By Mr. Calder, K.C.:

Q. Who is the managing partner of the firm? Who has the books? Who is supposed to look after the keeping of the books?—A. About who has the books, I don't know.

Q. Come, do not tell us that; that is a silly statement to make. Tell us which one of the four Goldbergs looks after the bookkeeping of the Royal Cloak Company?—A. Well, I am not going to get sentimental, but I know of no one of them who keeps the books.

Q. Does that mean that no books are kept?—A. Yes, we have a bookkeeper.

Q. Who is the bookkeeper?—A. Mrs. Ashrow.

Q. How long has she been the bookkeeper?—A. That I can not say, because I have not been back very long; I was in the States for a few years.

By Hon. Stevens:

Q. You were in the States?—A. Yes, Mr. Stevens.

Q. In New York?—A. No sir.

Q. You said just now you had not been in New York?—A. I said I have not been in New York and I reiterate it; I was in the southern part of the States.

By Mr. Calder, K.C.:

Q. Who was managing the bookkeeping end of the business before Mrs. Ashrow?—A. That I can not tell you, Mr. Calder; I was not here.

Q. Were you here when the firm started?—A. Well, I believe it is eighteen years now.

Q. Were you in the firm then?—A. Working for them, yes, as a youngster.

Q. Who was keeping the books at that time?—A. A Mr. Ratney.

Q. Who was keeping the books after him?—A. Truthfully answering, I can not tell you.

Q. Which of these three gentlemen, Harris Goldberg, Morris Goldberg, and Davis Goldberg is the father, in this father and son concern?—A. Davis Goldberg.

Q. He manages the business, does he not?—A. Well, he doesn't take an active part in the business.

Q. Since?—A. Two years, perhaps three years.

Q. Since two years?—A. I believe so.

Q. If he does not manage or take an active part in the business; of the other two gentlemen, who does?—A. Well, we are all trying to do our share there.

Q. No, no. No concern that is intelligently run, runs with everybody giving orders about everything. Who makes the purchases?—A. Mr. M. Goldberg, and Mr. H. Goldberg.

Q. Both of them?—A. Yes.

Q. Who makes the sales?—A. I try to.

Q. You make what sales are made?—A. That is, in Ontario.

Q. In Ontario?—A. I also go out on the road, you see; we have representatives who go out.

Q. To whom do you report the sales?—A. I send in orders to the office.

Q. Who takes charge of them once they go in to the office?—A. Tickets are made out.

Q. By whom?—A. We have a young girl there.

Q. Under whose orders is she?—A. I really can't say.

Mr. CALDER, K.C.: I think, Mr. Chairman, steps should be taken to compel this witness to answer. For the past five minutes he has been telling me, although a partner in the firm, that he knows nothing at all about the management. I consider that is in contempt of the Committee. He is plainly evading my question. Now, I am in the hands of the Committee. It is useless to examine him any further, not because he doesn't know but because he won't answer.

Mr. KENNEDY: He came voluntarily as a witness.

Hon. Mr. STEVENS: Now, Mr. Goldberg, it is just as Mr. Calder says; it is absurd for you to try to make this Committee think that you do not know more about the business, or that you know no more about the business than is evidenced by your answers. You may as well be perfectly frank and give us answers in full, and frankly.

WITNESS: What are those questions?

By Mr. Calder, K.C.:

Q. I want to know who looks after the books?—A. Mrs. Ashrow looks after the books.

Q. Under whose direction?—A. It can not be me, and it is not Mr. H.; it must be Mr. M.

Q. It is under the direction of Mr. Morris Goldberg?—A. Yes.

Q. Where is Mr. Morris Goldberg now?—A. He is out of town.

By Hon. Mr. Stevens:

Q. Where?—A. In Eastern Ontario; just what particular place I can not say. We are breaking in a new man. We are out with the fall line already.

Q. That is better.—A. We are trying to get a little.

By Mr. Calder, K.C.:

Q. If he is in Eastern Ontario, he ought to be able to be reached. Where was the last report from?—A. I know they were heading for—they were going to try to make a few towns, like Belleville, Cobourg, and Kingston.

Q. From where was the last report?—A. I have not heard from him. Sometimes when I go out—I do not want you to feel I am evading the questions.

Q. I must tell you that is exactly the way I feel now?—A. I go out on Monday morning, as I hope to do next week, and I will not report anything until Saturday when I come in.

Q. You are going in on Saturday?—A. Yes.

Q. I want you to call me up on the 'phone to-morrow and tell me where Mr. Goldberg was last heard from, and where he will be on Monday.—A. I see. Mr.—Who is it? What is the name?

Q. Mr. Morris Goldberg, the gentleman who looks after the book-keeping? The questions I want to ask are entirely on the books.

The CHAIRMAN: Now, Mr. Calder, I think it is better to have this sixteenth report printed. Then, if they do not appear on Tuesday as ordered, they will be obliged to suffer to the full extent of this report without it being contradicted, if they have any reason to offer why they are not here.

Witness discharged.

Mr. CALDER, K.C.: I will call Mr. Alexander.

CHARLES B. ALEXANDER called and sworn.

Q. In the discharge of your duties, as Customs Preventive Officer, did you have occasion to investigate the Royal Cloak Company?—A. I did, sir.

Q. You saw certain American invoices?—A. Yes.

Q. Where are they now?—A. I handed them to the auditors for the Committee.

Q. All those you received?—A. Every one, sir.

Q. Did you try to get a copy of the Textile Mills Corporation account of the Empress Novelty Company in New York?—A. I did.

Q. With what result?—A. Officer Dayboll, the Canadian Customs officer in New York, was instructed to visit both firms, but when he arrived he found that all books and data were destroyed, except for the year 1925, in both instances.

Q. When did you make this investigation?—A. In December of last year, and in January of this year.

Q. What explanation was given to you by the Royal Cloak Company, with reference to their dealings with the Empress Novelty Company?—A. I found two sets of invoices in every instance, pinned together. The first invoice was for merchandise, and the second invoice was for service, passage, and styles. The service, passage and styles invoice was dated the same day as the merchandise invoice, and the serial number followed that of the merchandise invoice. I asked Mr. Goldberg his explanation for this, as the amount on the service and styles invoice was in every case practically double that of the merchandise invoice, which in any case had gone through Customs. His explanation was that the service and styles referred to commissions, to New York buyers and also remuneration for time taken by the New York buyers in taking him around the different firms in New York.

Q. Did you put it to him that it should be added to the invoice of the goods?—A. I did sir, yes.

Q. As a factor in the costs?—A. Yes.

Q. What answer did they make to that?—A. They made it very definite that it was not for merchandise, and therefore should not have been added.

Q. So that any services that were rendered in the purchasing of the goods, and more particularly commission, was deducted from the price of the goods, and put on a separate invoice?—A. Yes.

Q. Did you take up the question of braids purchased?—A. Yes, I did. I took a sample of the braid that I had seized from the Royal Cloak Company, and I sent this sample to a firm in New York asking them to call upon the Empress Novelty Company, and show them the sample, and ask them to supply them with the identical braid.

Q. And put a price on it?—A. Yes. The braid that I sent up was invoiced to the Royal Cloak Company by the Empress Novelty Company, at eight dollars a gross. The New York firm made an actual purchase of one gross of this braid, and sent it to me at Toronto, and the valuation on the invoice was $24 for one gross.

Q. Now, did you compare this with any invoices for similar quantities and qualities of braid and did you find that the service, etc., invoice, plus the cost of goods, invoiced, together, made up $24?—A. Yes, sir, I did.

Hon. Mr. STEVENS: Make that clear, Mr. Calder.

Mr. CALDER, K.C.: It is this: The firm, the Royal Cloak Company, had two invoices pinned together. One was the cost of the goods. The other charged "Service, etc." They stated that that was for commission, and expenses of buyers and so on in New York. When Mr. Alexander send down to purchase direct from the firm, he got a certain price quoted to him of $24 per gross. The service invoice and the cost of the goods invoiced, together amounted to $24. It is a new and ingenious method of getting through.

Hon. Mr. STEVENS: And the books of this company are largely destroyed.

Mr. CALDER, K.C.: Yes.

Witness retired.

A. E. NASH recalled.

By Mr. Calder, K.C.:

Q. Mr. Nash, the next is the report concerning the Continental Trust Company, the Nineteenth Interim Report, and the Eighteenth Interim Report; there is also the Twentieth Interim Report. You will please file these.—A. Yes.

Witness retired.

The CHAIRMAN: These Interim Reports are produced only, to wit: Nos. 17, 18, and 19. They do not need to be read.

Now, Mr. Calder, have you got any other business for to-day?

Mr. CALDER, K.C.: No, Mr. Chairman.

The CHAIRMAN: Are there any other cases to be submitted to this Committee by any of its members?

Hon. Mr. STEVENS: No, Mr. Chairman, that is all.

The CHAIRMAN: I declare this investigation closed and the Committee will report to the House as soon as possible.

The Committee adjourned till Tuesday morning, June 15th, at 10 o'clock, for Executive meeting.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 66—THURSDAY, JUNE 17, 1926

MINUTES OF PROCEEDINGS INCLUDING FINAL REPORT OF THE COMMITTEE AND COMPLETE LIST OF WITNESSES ALPHABETICALLY ARRANGED

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1926

MINUTES OF PROCEEDINGS

THURSDAY, June 17, 1926.

The Committee met at 9 p.m., Mr. Mercier, the Chairman, presiding.

Present: Messrs. Bell, Bennett, Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Père and Stevens—9.

Committee counsel present: Messrs. Calder and Tighe.

The minutes of the last meeting were adopted.

Moved by Hon. Mr. Stevens,—That all departmental records be returned to the department to which they properly belong.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the auditors' account when finally submitted be certified by the Clerk of the Committee and paid forthwith.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the accounts of the counsel and the assistant counsel, and the railway charges from Edmonton to Ottawa and return of the assistant counsel be certified by the Clerk of the Committee, when finally submitted and paid forthwith.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That such books, papers, etc., produced by the various firms for examination by the auditors, as are not further required for future consideration of the cases affected be returned to their respective owners, but all others, as per attached list from the auditors remain in the custody of the Clerk.

Motion agreed to.

The Chairman submitted a draft report for the consideration of the Committee, which was read clause by clause. Clauses 1 to 6 were read and agreed to.

Mr. Bennett moved that a clause be inserted, respecting the Honourable Mr. G. H. Boivin, and the question being put, it was negatived on the following division, viz:—*Yeas*, Messrs. Bell, Bennett, Doucet and Stevens, 4. *Nays*, Messrs. Donaghy, Goodison, Kennedy and St. Père, 4. The voices being equal, the Chairman voted nay.

Motion disagreed to.

Clauses 7 to 9 were read and agreed to.

Clause 10 was read and the question being put, the Committee divided as follows:—*Yeas*, Messrs. Bennett, Donaghy, Doucet, Goodison, Kennedy and Stevens, 6. *Nays*, Messrs. Bell and St. Père, 2.

Clause 10 agreed to.

Clause 11 was read and agreed to.

Clause 12 was read, and amended, and agreed to as amended.

Clause 13 was read and agreed to.

Mr. Kennedy moved,—That a new clause (deploring the practice of certain influential men) be inserted after clause 13. The question being put, the Committee divided. *Yeas*, 1. *Nays*, 7.

Motion disagreed to.

Clauses 19 to 24 were read and agreed to.

The question being put by the Chairman, "Shall the draft report as read be adopted as the report of the Committee," Mr. Bennett, seconded by Mr. Stevens, moved,—"That the following be inserted as a new clause after clause 6, viz:—

> The evidence further discloses that Ministerial action has been influenced by the improper pressure of political associates and friends of the Minister, or Acting Minister administering the department, resulting in the suspension and in some instances abandonment of prosecutions against those charged with violation of the Statutes, and in the loss of revenue to the country. Moreover, successful appeals have been made to the Minister and Acting Minister administering the department to improperly interfere with the course of justice between the conviction of the offenders and the execution of judgment thereon. The action of the Hon. George H. Boivin, the present Minister of Customs and Excise in these matters merits the censure of the House."

The question being put, the Committee divided as follows:—*Yeas*, Messrs. Bell, Bennett, Doucet and Stevens, 4. *Nays*, Messrs. Donaghy, Goodison, Kennedy and St. Père, 4. The voices being equal, the Chairman voted nay.

Motion disagreed to.

Mr. Kennedy moved that the following be added to the report, (there being no seconder, the question arose as to whether the question could be put; the chairman decided that as it was the usual procedure in Committee not to require a seconder to a motion, this motion could be put.)—Mr. Kennedy's motion was then read as follows:—

> Your Committee deplores the practice, as revealed by the evidence, of certain men influential in public life to direct appeals to the Minister to relax and depart from the proper administration of his Department for reasons of political expediency.
>
> Your Committee is of the opinion that this practice is detrimental to the best interests of the Country and prejudicial to the administration of the Department.
>
> Your Committee, upon the evidence before them in the case of Moses Aziz, is of the opinion that the conduct of the Hon. George H. Boivin, is unjustifiable. In the course of the evidence, matters relating to certain members of this House were introduced. As the consideration of the actions of those members does not come within the terms of the Order of Reference, your Committee, following the established precedent in such cases, desires to draw the attention of the House, without comment, to the evidence touching upon, Messrs. W. K. Baldwin, Stanstead, Quebec; W. A. Boys, North Simcoe, Ontario; J. G. Robichaud, Gloucester, New Brunswick; William Duff, Queens-Luenburg, Nova Scotia.

The question being put, the motion was negatived on the following division. Yeas: Mr. Kennedy, 1. Nays: Messrs. Bell, Bennett, Donaghy, Doucet, Goodison, St. Père, and Stevens—7.

And the question being put on the main motion, Mr. Kennedy moved, That the following clause be added to the report, viz.:—

> That the name of R. R. Farrow, Deputy Minister of Customs and Excise, be included in the list of those officers who have been delinquent in their duties, and whose services it is recommended should be dispensed with.

The question being put, the Committee divided as follows: Yeas: Messrs. Doucet, and Kennedy, 2. Nays: Messrs. Bell, Bennett, Donaghy, Goodison, St. Père, and Stevens—6.

Motion disagreed to.

The question being put on the main motion, that the draft report be adopted as the Report of the Committee, it was declared to be carried on division.

Ordered,—That the said Draft Report be the Report of the Committee, and that the same be presented to the House as such with the minutes of proceedings, and the evidence attached thereto; which Report reads as follows, viz.:—

FRIDAY, June 18, 1926.

The Special Committee appointed to investigate the administration of the Department of Customs and Excise, beg leave to present the following as their Third and Final Report:

1. On the 5th February, 1926, the House of Commons adopted the following resolution:

> That a Special Committee of this House, consisting of nine members, be appointed forthwith to investigate the administration of the Department of Customs and Excise and alleged serious losses to the public treasury because of inefficiency or corruption on the part of officers of the Department and others, and that such investigation extend back over such period of time as the Committee may decide and have regard to all matters affecting the prevention of smuggling, the prosecution of offenders, the seizure, storage and disposal of smuggled goods, or goods seized for purposes of excise or other taxes, the appraisal of goods for revenue purposes, the collection of customs and excise duties, the knowledge of ministers or officials of offences or irregularities affecting the public service in said department, the efficiency of the administration thereof, and the necessity of safeguarding the public revenue and the public treasury, and that such Committee have power to send for persons, papers and records, to adjourn from place to place, to print the evidence taken before the Committee, and to report from time to time.

2. By a subsequent resolution the Committee was constituted as follows:

> Messrs. C. W. Bell, K.C. (Hamilton West), Hon. R. B. Bennett, K.C., D. Donaghy, K.C., A. J. Doucet, J C. Elliott, K.C., D. M. Kennedy, P. Mercier, K.C. (St. Henri), E. C. St. Pere, Hon. H. H. Stevens.

Mr. Paul Mercier, K.C., was elected Chairman. Mr. Elliott having been appointed a Minister of the Crown and by resolution of the House of Commons, Mr. William T. Goodison was appointed to the vacancy so created, on March 15, 1926.

3. Your Committee sat from 9th February to 11th June, held 115 sittings, and heard 224 witnesses. Mr. R. L. Calder, K.C., was appointed Counsel to the Committee and Mr. R. D. Tighe, Assistant Counsel, both appointments being ratified by the House. Certain interested parties were represented by Counsel on a number of the hearings, by leave of the Committee.

4. Notwithstanding the time devoted by the Committee to the taking of evidence the matters referred to by the order of reference could not be completely reviewed. Much evidence was taken in connection with the Port of Montreal; the situation at Beebe and Rock Island, Quebec; and the operation of distilleries. The Committee have also with some detail examined into liquor smuggling in

the Maritime Provinces. The Committee have examined in a general way the conduct of business at certain customs ports of Ontario. The Committee have not dealt, except incidentally, with the Middle West and the Pacific Coast. To a degree, therefore, this report is incomplete and suggestive rather than final. Full audit and extra-departmental investigation would be profitable in improving the service and recovering a large amount of revenue.

5. Since 1897 the Customs Department has been under the control of a responsible Minister. In 1918 the Department of Excise, which had been a separate department of the Public Service since the year 1868 was amalgamated with the Customs Department and in 1920 and 1924 respectively the amalgamated departments were charged with the collection of sales and Income Taxes. The administration of these amalgamated departments is a serious task. The Customs frontier between the United States and Canada is a very long one and the position and number of bridges and highways crossing the boundary together with the extended line of sea coast rendered the suppression of smuggling difficult. The adoption by the United States of the Eighteenth Amendment has increased the difficulty, because it has made the incentive to illegally convey intoxicating liquor to the United States very great, and with the mass production of many products in that country there is a correspondingly great incentive to illegally import such products into Canada. In the year 1925 smuggling assumed such large proportions that a number of business men made representations to the Government, in consequence of which an Act, Chapter 39 of the Statutes of 1925, was passed making smuggling an indictable offence, where the goods were of the value of more than $200 and the penalities incurred by such smuggling increased.

6. The evidence submitted to the Committee leads to the general conclusion that for a long time the Department of Customs and Excise had been slowly degenerating in efficiency and that the process was greatly accelerated in the last few years. Apparently the Hon. Jacques Bureau, then Minister of Customs, failed to appreciate and properly discharge the responsibilities of his office and as a result there was a lack of efficient, continuous and vigorous control of subordinates by the Headquarters Staff at Ottawa.

7. The procedure provided by the Customs Act in the matter of Customs Seizures is as follows:—Upon making a seizure the Collector or Seizing Officer forthwith reports the circumstances of the case to the Commissioner of Customs (Section 174). Thereupon the Commissioner notifies the owner or claimant of the thing seized, stating the reasons for the seizure, and calls upon such owner or claimant to furnish within thirty days any evidence he may desire to submit. (Section 175). After the expiration of thirty days or sooner, if evidence is forthcoming on the part of the owner or claimant, "the Commissioners may consider and weigh the circumstances of the case and report his opinion and recommendation thereon to the Minister". (Section 176). The Minister thereupon either gives his decision and states the terms upon which the thing seized or detained may be released or the penalty or forfeiture remitted or refers the decision to the Court (Section 177). The Committee finds that this procedure was not followed. Although, as a rule, the facts are correctly recited in the summary submitted to the Minister, the opinion is not infrequently at variance with such facts, and the recommendation is so drawn as to elicit a decision to which such facts are repugnant. This discrepancy is accounted for by the fact that the report upon the evidence was in many instances preceded by a conference, and the recommendation was dictated by an intelligent anticipation of the Minister's wishes in the premises.

8. The Committee are of opinion that the administrative duties of the Department of Customs and Excise should be left to the Executive Officers of the Department. Where the value of the goods or the amount in question is $200

or more the procedure should be automatic and not subject to Ministerial interference or control. Where the goods in question are under $200 the case would fall under the heading of "Petty Offences" and the Minister's discretion might there find a proper field for its exercise.

9. The Committee find that theft of motor vehicles has frequently been associated with smuggling on the Quebec Customs frontier. The procedure followed by the Department in dealing with cars stolen and smuggled has resulted in an advantage to the thief and receiver as against the owner of the car.

In the opinion of the Committee the procedure might be modified so as to provide that when the owner has established his title to the satisfaction of the department the car should be forthwith released to him, under bonds to re-export it, and upon payment of charges for storage, etc., such release to be made at a time and place of which notice should be given to the person in whose possession it was at time of seizure in order that he may take such legal proceedings as are competent to him to assert any claim thereto or lien thereupon.

10. The Committee finds that it is the common practice of the Department to grant clearances to vessels wholly or partly laden with liquor for the United States, or allegedly bound for a foreign port, but admittedly sailing to "rum rows," and that false landing certificates have been produced to obtain cancellation of bonds given for foreign export of cargoes so cleared.

The Committee further find that a strong presumption is raised that some proportion of the liquor so shipped and cleared finds its way back into Canada for consumption. The Committee, therefore, recommend that excise and sales tax be levied on all Canadian made intoxicating liquors released from bond, no matter where they are carried and consumed, and that duty and sales tax be levied on all alcoholic liquors entering Canada, whether in Bond or otherwise, irrespective of their ultimate destination.

Doubts have been cast upon the sufficiency of existing legislation to prohibit or authorize regulations prohibiting the illegal export of intoxicating liquors to the United States. To the extent to which such legislation may be insufficient the Committee recommend that it be amended. The Committee further recommend that, as soon as possible, regulations be made to prohibit clearances being granted to vessels carrying liquor as cargo, sailing from a Canadian Port to a United States Port, such regulations to make an exception in favour of liquor being imported into the United States in accordance with the laws of that Country.

11. Sub-section 4 of Section 171 of the "Excise Act" provides that "no spirits subject to excise which have not been warehoused for at least two years shall be entered for consumption." By reason of special circumstances arising out of the War, Parliament on the 1st day of July, 1920, Chapter 52 10-11 George Fifth, Section 4, amended the section by adding thereto a proviso empowering the Governor General to suspend the operations of the said sub-section during such period or periods as he may deem necessary. From sessional paper No. 84, 1926, it appears that by Order in Council the following distilleries have been permitted to enter for consumption the spirits manufactured during the period of nine months or less from the date of distillation:

Gooderham & Worts, P.C. 641, April 17, 1924.
Distillery Corporation Limited, P.C. 1646, September 14, 1925.
Manitoba Refinery Company (Ltd.), P.C. 1903, October 20, 1925.
Consolidated Distilleries of Manitoba, P.C. 29, January 7, 1926.

In the opinion of the Committee such unmatured spirits are unfit for human consumption and their release is injurious to the public health. The Committee therefore recommend that Section 4 of Chapter 52, 10-11 George Fifth

be repealed at the present session of Parliament and that the Orders in Council issued thereunder be thereupon forthwith cancelled. The Committee further recommend that the technical regulations now governing the denaturing of alcohol be revised by competent experts so as to render all classes of denatured alcohol non-potable, and that where the Regulations under Section 171 of the Excise Act provide for the warehousing of potable liquors they shall provide for the maturing of such liquor in wood for a period of at least two years.

12. The Committee recommend that the following firms and companies should be proceeded against in the proper forum to recover the sums, if any, now owing by them to the Crown:

John Gaunt Company.
Dominion Distillery Products and Associated enterprises.
B. B. Glove Co.
Jas. A. Gilmore Co.
Globe Suspender Co.
Perfecto Garment Co.
Peerless Overall Co.
R. & G. Manufacturing Co.
Reliable Garment Co.
Stanstead Mfg. Co.
W. M. Pike & Sons.
Standard Mfg. Co.
Telford Bros. Garment Co.
Telford & Chapman.
Jenkins Overall Co. Ltd.
Snag Proof Limited.
Rock Island Overall Co.
Alco Dress Co.
O. B. Earle Co.
Royal Cloak Co.
Miracle Dress Co.
Hollinger & Packer.
Klover Dress Co.
Poyaner Group of Companies.
Woollens Limited.

With reference to the Distilleries, the Committee have not had time to investigate them all. The Committee recommend that a thorough audit and examination be made of the records and accounts of all the Distilleries in respect of all matters relating to a loss of Customs, Excise and Sales Tax Revenues.

13. The Committee find that the following officers have been delinquent in their duties and recommend that their services be dispensed with:

1. R. P. Clerk, Inspector of the Port of Montreal.
2. A. E. Giroux, Superintendent of Customs and Excise, Montreal.
3. W. Duval, Preventive Officer at Montreal.
4. John Landy, Customs Officer, Montreal.
5. Collector E. Brownlee, of Beebe, Quebec.
6. Marvin A. Sawyer, Customs Officer at Rock Island,

and that in the interest of the public service arrangements should be made for the retirement of the following persons:

1. R. R. Farrow, Deputy Minister.
2. W. S. Weldon, Collector of Customs at Montreal.
3. Henry McLaughlin, Surveyor of Customs at the Port of Montreal.

14. The Committee recommend that the conduct of the officers at the Port of Windsor, Ontario and other important ports, should be further investigated and that the services of such of them as are found guilty of evasion of duty should be dispensed with.

15. The Committee recommend that the evidence of J. A. E. Bisaillon given before this Committee with reference to his bank account for the amount of $69,000 be transmitted to the Attorney General for Quebec, for the purpose of comparison with the evidence given by him on the same point at preliminary inquiry at Quebec, P.Q., in the case of Rex vs. Symons et al, and for such action by the said Attorney General as the evidence may warrant; and further that the evidence in connection with the Morris Delage Motor car case be transmitted to the said Attorney General for such further action as the said evidence may warrant.

16. The Committee recommend that for reasons of sound economy and increased efficiency there should be a reduction made in the number of ports of entry in Canada.

In support of this recommendation the Committee would call attention to the following facts:

The United States has 270 Customs ports of entry. The United Kingdom of Great Britain and Ireland, has 80 ports of entry. On the other hand, Canada has a total of 681 places at which Customs revenue is collected.

17. For the prevention of smuggling and of other frauds a strong preventive force under a capable administrator is necessary, and the Committee, therefore, recommend:

(1) That the Preventive Service be re-organized under a Chief, possessed with the highest qualifications for such office, clothed with wide powers of initiative, direction and control.

(2) That such Chief Preventive Officer be authorized to select his staff in consultation with the Civil Service Commission.

(3) That the Chief Preventive Officer be authorized to organize within the Preventive Service a secret service force, with special training in criminal investigation work, which force shall be under the general executive direction of the Chief of the Preventive Service.

(4) That Preventive Officers and persons authorized to act as Customs and Excise Officers be given power to arrest without a warrant persons found committing any act declared by the Customs and Excise Acts to be an indictable offence.

(5) That in connection with Preventive Service work the R.C.M.P. services be used for Patrol Work on the border, and while so engaged they be given full powers as Customs Officers. Pending the re-organization of the Preventive Service the R.C.M.P. should be immediately detailed for Patrol Service on all important points on the Border.

18. The evidence adduced before the Committee disclosed two outstanding facts, namely—

First, the methods of appraisal are exceedingly careless and fail to safeguard the interests of the importer, or the revenues of the Country from being defrauded by undervaluation, and

Secondly, persons appointed as appraisers are in many instances untrained in the branch to which they are appointed.

The Committee recommend that the appraisal branch be re-organized and that all appraisers be chosen because of their competency to estimate the values of the class of goods they are appointed to appraise.

19. The Committee recommend that in future the provisions of sections 213 and 213a of the Customs Act, which provide for the removal of buildings within a hundred yards of the boundary which are made use of in smuggling operations, be strictly enforced.

The situation created by the location of Derby Line, Vermont, and Rock Island, Quebec, as brought to the attention of the Committee is of a grave nature, and they recommend that a bond be established in each factory in which bond goods imported from the United States shall be placed until released for manufacturing purposes, and that an officer be appointed to look after such bond at the owner's expense.

20. The Committee recommend that Schedule "C", Prohibited goods, of the Customs Act, be amended to include merchandise which is marked in contravention of the Gold and Silver Marking Act. That Act provides for prohibition of the importation of articles improperly marked, but Customs Officers ordinarily are not acquainted with the provisions of the Act, and for this reason the Committee recommend the inclusion of the prohibition in schedule "C" of the Customs Act.

21. Where articles containing precious metals are seized and forfeited the Committee recommend that they be not sold in the open market, as at present, but should be melted down and disposed of as bullion.

22. The Committee recommend that the regulations governing the distribution of the proceeds of fines and forfeitures be revised, and that more liberal treatment be accorded informers and seizing officers. The moieties granted seizing officers in respect of seizures made by them should not however, be distributed to such officers as each seizure is made. Such moieties should be paid into a special fund periodically distributed to all the members of the Customs and Preventve Services.

23. The Committee recommend that in cases of commercial smuggling or undervaluation, where the offenders are known, they should at once be arrested and brought to trial with the utmost promptness. The Committee further recommend that the Department of Justice be requested to select at once capable and experienced Counsel in important centres, and retain them to act for the Department of Customs and Excise in all future cases.

24. The real solution of the difficulties at such points as Windsor, Niagara Falls, where traffic is heavy, and where a thorough examination of vessels and vehicles cannot be carried out, will be found in the discovery in advance by investigators of the secret service of the persons who make a practice of smuggling at these points, and their arrest when passing the Customs barrier. The Committee recommends that at bridges, ferries and main highways, where traffic enters Canada, in addition to the regular Customs supervision, vessels and vehicles should be searched at frequent, irregular and uncertain times. The uncertainty as to what vehicles will be examined, and as to when such examinations will be made, should operate as a strong deterrent of smuggling.

Your Committee recommend that such of the account books and other books and papers belonging to the firms mentioned in Clause Twelve of this Report, as may be necessary for use in any action that may be taken against the said firms, be retained by the House in order that they may be available if required.

Your Committee submit herewith for the information of the House their minutes of proceedings and the evidence taken by them.

All which is respectfully submitted.

The Committee then adjourned *Sine die*.

WALTER TODD,
Clerk of the Committee.

LIST OF WITNESSES ALPHABETICALLY ARRANGED, GIVING PAGES WHERE THEIR EVIDENCE IS TO BE FOUND

LIST OF WITNESSES

Alexander, Chas. Bernard (Customs Prev. Off., Toronto) 1257-71; 2745-51; 3058-9.
Alleyn, Richard (Barrister, Quebec) 2147-61.
Anderson, Corp. Wm. Alfred, R.C.M.P. (Montreal) 917-20; 1059-61.
Appraiser's Bulletin 2856-8.

Bain, John (Dept. Agent, Ottawa) 1815-22.
Balthazor, Bernard (Customs Off., Montreal) 1974-77; 2079-2117; 2286-9.
Barr, Walter John (Pres. Goldsmith C., Toronto, Ont.) 1176-80.
Barry, Michael (Montreal) 2356-62.
Belanger, Regis (Customs Locker, Montreal) 827-31 (E); 831-5 (F).
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