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OF THE

PUBLIC ACCOUNTS COMMITTEE

CONCERNING THE ACCOUNTS OF THE

NORTH ATLANTIC TRADING COMPANY

PRI D L OR R OF PARLIAMENT

OTTAWA
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY.
1906

[App. No. 3—1906]

COMMITTEE ROOM No. 32,
THURSDAY, June 21, 1906.

The Select Standing Committee on Public Accounts beg leave to present the following as their

SEVENTH REPORT.

Your committee have had under consideration the accounts, vouchers and other papers relating to payments to the North Atlantic Trading Company, Louis Leopold and The Arundel Printing Company, as set out at L—26 of the Report of the Auditor General for the fiscal year ended June 30, 1905, and in connection therewith have examined witnesses under oath, and for the information of the House report herewith the evidence given by such witnesses and the exhibits filed; and your committee recommend that the same be printed.

All which is respectfully submitted.

VICTOR GEOFFRION,
Chairman.

HOUSE OF COMMONS,
COMMITTEE ROOM, No. 32,
WEDNESDAY, April 4, 1906.

The Select Standing Committee of the House of Commons on Public Accounts met this day at 10.30 o'clock, a.m., Mr. Belcourt in the chair, and proceeded to the consideration of the accounts of the North Atlantic Trading Company, as set out at L—26 of the Report of the Auditor General for the fiscal year ended the 30th June, 1905.

Mr. J. FRASER, Auditor General, called and sworn, and examined.

By Mr. Barker:

Q. You were asked, Mr. Fraser, under the instructions of the committee, to produce all vouchers, accounts, and papers in your department relating to certain immigration accounts of the North Atlantic Trading Company and one Leopold. I do not find that you have produced them?

A. I understand they were sent up here.

Q. I do not find any vouchers. These (displaying file of documents) seem to be departmental papers, and papers of your own office showing your own auditing?

A. Well, I understood those were all the papers that were in the audit office in connection with those accounts.

Q. Have you there the usual forms of vouchers that you get?

A. I do not know what they have been in the habit of getting in connection with these accounts.

Q. I mean in all ordinary cases? You have certain vouchers that will go in certified by the department and by certain officers of the department. These vouchers come before you and are kept on file, either the duplicates or the originals, in your office. Have you any such in connection with immigration?

A. I do not see anything here in connection with the North Atlantic Trading Company.

Q. It is one relating to Leopold that I am asking you about?

A. There is one here. It is a list of immigrants that were sent out, and it is certified to by the Commissioner of Immigration. I presume that on that the bonus was paid.

Q. Is that all you have got?

A. There are two receipts here from Leopold. One for £100 and another for £182/9. There is a considerable number here for British immigration to Manitoba.

Q. What certificate is there that Mr. Leopold's accounts are correct?

A. This is certified correct by the Commissioner of Immigration.

Q. Who is that?

A. I cannot make out the name.

Q. Is it W. T. R. Preston?

A. I am not familiar enough with the signature.

Q. I suppose it is W. T. R. Preston?

A. It looks very much like it.

Q. Where is Mr. Preston's office?

A. In London.

Q. In London, England? Where is Mr. Leopold's office?

A. It gives his address here as 13 Charing Cross.

Q. Also at Charing Cross in London, England. Well now, have you anything else there to justify the passing of these accounts than Mr. Leopold's statements of shipments of emigrants into this country and with W. T. R. Preston's stamp on it, that it is correct?

A. Apparently not on this file.

Q. That is all you have? Do you think, Mr. Fraser, that the mere certificate of an officer in London connected with emigration into this country and the account of the man who receives the money is sufficient to warrant your passing the accounts?

A. Well, I am speaking now of accounts that were handled before I had anything to do with them; last year's accounts.

Q. I am asking you as auditor, not as auditor of any particular period, do you consider that sufficient warrant to the Audit Office to pass those accounts and pay large sums of money for emigrants leaving England and coming to this country—simply a certificate of Mr. W. T. R. Preston, an officer in London, and the account of the man who wants the money? Do you as auditor think that is sufficient to justify public money being paid out?

A. Hardly.

Q. What more would you ask as auditor?

A. Well, before answering that I would have to make some inquiries into the manner of handling those accounts.

Q. What inquiries would you make ?

A. To see that some steps, some reasonable steps, were taken to prove that these emigrants had really been sent out or had arrived in the country.

Q. You are an old officer in the government service, although you may be new to your present office; are you not aware that a year or more ago Mr. Preston repudiated any connection with Mr. Leopold?

A. No, I am not aware.

Q. You never heard that?

A. I may have heard it, but I have no recollection now.

Q. You have no official recollection?

A. No recollection whatever.

Q. I think most of us did know that Mr. Preston stated that he had no connection with this Mr. Leopold whatever. For that reason I am beginning with this matter?

A. I have no recollection whatever of it.

Q. Did you ever in your own department question the sufficiency of the information you received on this subject?

A. In this case?

Q. Did you ever say you wanted to have more information than you were getting before you passed these accounts?

A. I have not had any emigrant's accounts brought to my attention since I went into the office.

Q. When did you go there?

A. First of August.

Q. Then you had not been concerned with these accounts previously? Have you had any discussion with your officers on that subject?

A. No, not in connection with these. I may say that I have been going over the various branches of the office whenever I have had time, and ascertaining the methods of examination as far as I can. I have not come in contact with any of these accounts.

Q. I call your attention to L-26, in which there are a number of these accounts amounting to a very large sum of money. The North Atlantic Trading Company, for instance, to which I will refer presently; will you look at that item? You will see about the middle of the page the item of $111,330.99. Now that you will observe

is an account running for three or four years, and never closed apparently, and of the same character as that Leopold account. You issue this report, I presume, and you saw there an account of that magnitude; have you not since you have been in the department discussed with your officers such an account as to whether you were getting such information as you were entitled to?

A. I say that I have been looking into emigrants' accounts, but so far only in a general way.

Q. Well, have you obtained from your officers any information as to how the audit has been conducted in the past under your predecessor?

A. Not on this item, not that I recollect.

Q. Of any immigration item?

A. No, I think not, unless in a very general way.

Q. Well, I observe--and I go back now to Leopold for a moment, I observe that the accounts you produce have certain information in addition to Mr. Preston's certificate and Mr. Leopold's account, but the papers produced are not signed. Here is a form intended to be signed by the shipping company. There is Mr. Leopold's stamp on it, his name, and the names of the passengers, with some of them erased and four or five left, and so on, with various accounts. The shipping company that brought out these men is supposed to sign that form. But there is no signature to it. Did you observe that?

A. Mr. Chairman, perhaps if you will allow me to make a suggestion, on matters of detail in connection with these accounts you will get much better information by questioning the officials who examined the accounts.

Q. I expect that. I am trying to see at present what the audit amounts to, because naturally, while we would take it for granted the accounts were all right when they passed your department, I want merely now to show, as I had to do on another occasion with the previous auditor, that the audit does not amount to anything.

A. I would say, in reference to that, that it is quite possible if I were asked whether that was sufficient or not, I might say no, that it was not a sufficient audit, but there may be other information which is not on that file which might justify it.

Q. If there is, we have not got it?

A. I am only suggesting. I am speaking now in ignorance of what other information there may be.

Q. Do you know of any?

A. It appears to me to be a criticism of the previous audit.

Q. I am asking the auditor now about the system. I know you did not do this yourself. The certificate is put on this form and printed:—'We certify' that is the ship company, 'that the above passengers sailed and were booked through to the places named, that all the particulars are correct'—names, and so on—'and that to the best of our belief the list includes no prepaid passenger, no one who has been in Canada before, and none but bona fide emigrants whose intention is to settle in Manitoba or the Northwest Territories (exclusive of the Yukon district).' That is not a valuable certificate because it is not signed.

A. It should be signed unless there is some other document attached to it.

Q. There are a number of these papers not signed. Now if this certificate is worth anything we ought to have it signed. Mr. Leopold stamped his own signature, and that is the only signature upon it, and then there is the general certificate from Mr. Preston that it was all O.K.?

A. I understand the certificates are on some other accounts from which those were transferred.

Q. This is the certificate from the ship for each batch of emigrants?

A. I understand that some of those are duplicates, and that the originals have got the certificates on.

Q. But, Mr. Auditor, we have asked the department and the Audit Office to produce everything?

A. They are on the file with the Allan account.

Q. Have you not had an account from these people, the Trading Company, since you became auditor in August last?

A. Yes, we have had some since August.

Q. Have you begun to audit those?

A. Yes.

Q. Have you paid any of them since?

A. The payments were made before the audit.

Q. These are all paid by advances?

A. Yes, or by letter of credit.

Q. Do you get quarterly accounts for them?

A. Not from the North Atlantic Trading Company.

Q. How often do you get accounts from the North Atlantic Trading Company?

A. They do not appear to come very often. That is the final settlement of three years' accounts which you have there.

Q. That is owing to the system of advances. You issue £20,000 at a time to them, I believe, a fine big affair. Well, now, I am going outside of this year's accounts in order to ascertain your system. Have you really audited any accounts of this company since your appointment to this office?

A. I personally could not answer that just now. The whole energies of the officials were devoted to getting out the report, at least very largely, and they are now trying to catch up with the work of the audit.

Q. Who is the gentleman in your office that would know all about the audit of the past with regard to these accounts?

A. Mr. Stockton would handle these accounts. Mr. Reid and Mr. Stockton.

Q. They actually did the work?

A. Did the work.

Q. Do you know the address of this North Atlantic Trading Company?

A. Nothing but what is on the papers, and it appears there as Amsterdam.

Q. Do you know anything at all about them except what appears in the papers?

A. No.

Q. Have you ever made inquiries?

A. No.

Q. Do you know whether they are a British corporation or a foreign corporation?

A. I do not know anything about them.

Q. Have you ever asked a question about them?

A. Of nobody outside our own office.

Q. I do not care where you ask?

A. I may have been speaking to Mr. Stockton about it.

Q. Recently?

A. Oh, within perhaps three or four months.

Q. What was your object in ascertaining who these people were—I mean the North Atlantic Trading Company?

A. Well, perhaps curiosity, a desire for general information.

Q. Well, the auditor is a very curious man always. You did it as auditor, I suppose?

A. I did it as auditor.

Q. You wanted to know who these people were that were getting such large sums?

A. Yes.

Q. Well, what did you learn?

A. We did not find out much.

Q. Well, tell us what you did find.

A. I do not think we found out anything other than what I stated, that they were a European company, or appeared to be.

APPENDIX No. 3

Q. How did they appear to be a European company?

A. Well, they were located in Europe, I mean their place of business. That would appear from the vouchers.

Q. Do you get letters or does the department get letters according to the papers that you see?

A. We would not get anything. The cheques that are sent to them are cashed in Amsterdam.

Q. To whom do you send them in the name of the company?

A. We do not send cheques at all.

Q. You send them to the department?

A. No, those are issued by the department or by the High Commissioner's office. They are all letter of credit cheques.

Q. You must have a squaring up occasionally and a balance struck and then a final cheque, do you not?

A. At the end of the year, yes.

Q. What do you find at the end of the year? Do you ascertain at the end of the year with whom the correspondence had taken place on the adjustment of accounts?

A. We would have known that the company would have to deal with the bank or with the department just on the matter of adjusting the accounts.

Q. I suppose, having a little curiosity as auditor about this company, you looked into the contract, did you?

A. No, I do not think I have seen any contract yet. I do not think I have reached that stage.

Q. Do you not think that in auditing your accounts it is impossible to audit correctly without knowing what the contract is?

A. Well, if I go over the contracts that are existing, I am afraid I would not have time to do anything else.

Q. Your predecessor thought he made a great deal of money for this country by going over contracts?

A. That is true, but he had 25 or 28 years going over those contracts. Some of those contracts that existed are still current, and unless I have some particular reason for knowing, I presume that the officials have seen them already.

Q. You did not look into the contract and have not done so up to this day?

A. No.

Q. You have never looked at it?

A. No, I have not.

Q. If I may be permitted, I would suggest in future when you are auditing you had better see what the contract is.

Mr. E. E. STOCKTON called and sworn, and examined.

By Mr. Barker:

Q. What is your position, Mr. Stockton?

A. Sub-examiner of accounts.

Q. Sub-examiner of accounts in what office?

A. In the Auditor General's.

Q. How long have you been employed as sub-examiner of accounts in the Audit Office?

A. Well, that is hard to say. I have been employed about fifteen or sixteen years in the Audit Office?

A. How long have you been sub-examiner of accounts, several years?

A. It is about five or six years, since I have had control of the accounts.

Q. You have been there as examiner all the time that this North Atlantic Trading Company has been carrying on immigration work?

A. I have.

Q. And all the time that Mr. Leopold has been there?

A. No, I have not. At least I do not know how long Mr. Leopold has ever been in that position.

Q. What did you do when you received the account from Mr. Leopold? What steps did you take to see that he was entitled to the bonuses that he was asking for and which Mr. Preston, of London, certified to be correct ?

A. I first went to the J. & A. Allan accounts to ascertain whether he had been paid through their payments.

Q. Yes.

A. He was originally paid through the J. & A. Allan account and naturally when a specific payment was asked for to Leopold, I went to the last account to find out whether he had been paid through their payment.

Q. You mean the shipping firms?

A. Yes, the same except that these were the Allan shipments.

Q. Well, supposing it was not the Allan shipments?

A. I think you will find that the most of them are the Allan accounts.

Q. Not all?

A. I think you will find in most cases, perhaps in all cases.

Q. Here is the Canadian Pacific Railway *Lake Erie* and there is no signature?

A. You will find that with the Canadian Pacific Railway accounts.

Q. What is your name ? F. E. Stockton ?

A. No, E. E. Stockton.

Q. Would this scrawl in pencil be yours? Whose is that?

A. In think in all probability Miss Gardener in London.

Q. This is the certificate of the *Lake Erie,* Louis Leopold stamping the paper, and then there is a scrawl with ' four adults £1/8, F. E. G.' or something of that kind. Then there are four names and four struck out. Now, how would you know that the four names were to be paid for and the other four were to be struck out ?

A. Well, the four names that are to be paid for would in all probability be entered on the Canadian Pacific Railway accounts and struck out of this account because they are paid direct to Leopold. The others would be all on the Canadian Pacific Railway account.

Q. These four that are struck out of the *Lake Erie* account would not be on the Allan account ?

A. On the Canadian Pacific Railway account.

Q. That is on the Canadian Pacific Railway ship *Lake Erie*. You would not go to the Allan account to see whether they were struck out ?

A. I would go to the Canadian Pacific Railway account.

Q. I thought you said you would go to the Allan account?

A. In some cases. You will find some of these were Allan accounts.

Q. You would go the Canadian Pacific Railway accounts for these ?

A. Yes.

Q. Where are those accounts ?

A. With the Committee here.

Q. Under another heading ?

A. They are Canadian Pacific Railway accounts. These bonuses were paid to the Canadian Pacific Railway.

Q. Why did you not get a certificate on this form certifying the important matters that are printed at the foot of it ?

A. Because in all probability the certificate is on the original account. This is practically a copy of the Canadian Pacific Railway accounts checking Leopold's bonuses.

Q. Will you undertake to say that these four names will appear on another paper certified by the Canadian Pacific Railway ?

A. I think you will find it so.

Q. I am asking you.

A. I cannot say offhand. I have examined the papers and I have not found any cases where such is not so.

Q. You have not found any instances where such is not the case ?

A. No.

Q. Is all that work done in your department, or is there any certificate made in the Department of Interior drawn up in the form sent to you to check over, or have you to check this mass of papers and find out all the proceedings ?

A. Well, the certificate on the monthly accounts is certified to by the officers of the department.

Q. The officers of the Interior Department ?

A. The officers of the Interior Department. They certify to the whole payments for the month, and that is taken to mean a certificate as to the correctness of the whole month's accounts. It would be an endless job for the officers of the department to sign each individual sheet.

Q. Of your department ?

A. Of the Interior Department.

Q. It would be an endless job for them to do what ?

A. To certify to each and every one of these accounts.

Q. Do not they summarize them and attach them to the summary ?

A. There is a summary.

Q. Where is it ?

A. In the department.

Q. What department ?

A. The Audit Office.

Q. But we have asked for all the papers.

A. Well, the summary of the accounts does not directly apply, except that it is the summary.

Q. What does give the information that the committee want ?

A. There is a summary of the total amounts paid to each individual, and that summary certifies that these accounts are due to the people and that the summary of the accounts is correct. That covers numerous other items.

Q. Well, you have got such a thing certified by the department ?

A. By the department.

Q. That has not been brought here ?

A. It has not been brought here but we can easily bring it.

Q. Of course you can, but we want to see what the Interior Department certifies to you upon which you pass the accounts. That is what has been asked for.

Q. Now, you do get such a certificate from the Interior Department, do you ?

A. We certainly do.

Q. In every case ?

A. Well, the accounts cover a whole month.

A. Yes.

Q. Is it so ? I do not mean practically so ?

A. It is so. They summarize the whole account for the month and the certificate is appended to the accounts.

Q. Every case is covered by such a certificate?

Q. In every case have you satisfied yourself that these forms in duplicate or in some other shape have been certified correct if not here, in some other shape?

A. It is impossible for me to certify to every case, to examine every case, the best I can do in the time we have is to take test cases; to take one particular sheet

there, hunt it up in the Allan account and if we find that it is correct take another one and hunt it up. If we find no mistakes after hunting up a number of them we assume they are all correct. If we had time we would be able to go over them all but it is an impossibility.

Q. Eight or ten on one of these sheets means perhaps $50.

A. Eight or ten on one of these sheets means three or four days looking for them.

Q. That seems to be a very poor way of keeping the books and statements if it takes three or four days looking for them. A clerk would go over 500 of them in a day.

A. If we had them alphabetically and numerically arranged we could, but where you have these accounts coming in from the Allans in an entirely different order and where you have to hunt up the sailings and dates of each ship.

Q. How many out of twenty do you examine?

A. Perhaps one or two, it very much depends on what time of the year they come in. If it is near the end of the fiscal year probably very few, if it is in the early part of the year quite a number.

Q. And one or two you check out of twenty, and then you take one or two off another form, and if they come up all right you think the whole are right.

A. That is the best we can do in the time we have.

Q. Do you get from Mr. Leopold himself, a certificate that all these people come out as immigrants, that they are not people that have been in Canada before, and all that sort of thing.

A. No.

Q. Nothing of that kind?

A. Nothing.

Q. Nothing of that kind by Mr. Preston?

A. No.

Q. You simply take the purser of the ship who says here are certain people that we brought out, and we believe that so many of them, mentioning them, are passengers who have never been in Canada before and say they are going to Manitoba.

A. Yes.

Q. That is all you get, even if you get that.

A. The department gets that, they check over the name.

Q. That is all they get.

A. Well, they get the claims of their agent.

Q. But you do not know that they get any certificate from Leopold himself, that certain people come out as immigrants, never having been in Canada before, and that they are coming as agricultural settlers.

A. I think you will find that certificate with the steamship company's account.

Q. From Leopold?

A. Not from Leopold, he is only a sub-agent of the steamship company.

Q. From whom do you get it, from Mr. Preston?

A. In the case of the Allan Company, it comes from the Allan Company and in the case of the Canadian Pacific Railway steamers from the Canadian Pacific Railway Company.

Q. You have told me that you get a certificate from the Allans or from the Canadian Pacific Railway, according to this form on another paper. I ask you, do you get from Leopold, the sub-agent, or Mr. Preston, a certificate to the department that they know these things?

A. No.

Q. You only take the purser of the ship who never sees the men before or after, or who knows anything about it?

APPENDIX No. 3

A. That is all we get.

Q. Have you ever read the contract with the North Atlantic Trading Company.

A. I have read a copy.

Q. Have you read one entered into in 1904, which put into form what had been going on for two or three years?

A. 1904?

Q. Yes?

A. 1902.

Q. I have the one of November, 1904, and I want to ask you this : Do you in the Audit Office, make any inquiry before there is any payment to this Trading Company to ascertain whether they do what they have agreed to do under the contract ?

A. We do as far as possible.

Q. What do you endeavour to find out?

A. In connection with what?

Q. In connection with the contract?

A. Of the North Atlantic Trading Company?

Q. Yes.

A. Well, in that case, the bonuses are paid on their arrival.

Q. That is the payment out, I want to know what effort you make in your department to see that the Trading Company is doing what it has agreed to do to entitle it to the money.

A. In connection with these bonuses, under the contract I do not think it is necessary for the trading company——

Q. To do anything?

A. To do anything. If the immigrants arrive at the port of entry they are entitled to the bonus.

Q. And they have not to anything according to your view; well, possibly that is correct according to your view. I mean it may be correct that that is how they carry it out. But they have agreed to do certain things here, and I think it is the duty of your department to see that they do it. They agree to do advertising in the public press. Do you ascertain whether they have published anything in the press ?

A. No, we do not.

Q. They agree to publish pamphlets, to be published by the company in various countries referred to, and to promote immigration to Canada.

Mr. McLean (Lunenburg)—Is this an agreement with the Department of the Interior?

Mr. Barker.—With the Department of the Interior ?

Mr. McLean (Lunenburg).—Would not the enforcement of that contract be a matter for the Department of the Interior and not for the Auditor General's Department?

Mr. Barker.—Well, I am submitting this to this witness, to see whether when this company agrees to do certain things for the money they get, the Auditor General's Department sees, as an auditor, that they do it. I am not charging this witness with any responsibility. 'The company shall submit all such advertisements and publications to a representative of the Department of the Interior if so required, and if the same is found unsatisfactory, shall be changed to meet the requirements of such official.' Before you authorize the payment of such large sums of money do you ascertain whether that has been done?

A. I presume it has been, because the department certifies to the account.

Q. They certify to these sums being due ?

A. Yes.

Q. The Audit Department is not supposed to pay, just because the other depart-

ment has fixed the amount, they are to investigate and see that the money has been earned according to the contract ?

A. Well, we have to take certain certificates——

The CHAIRMAN.—There is no payment provided for these specific items, is there ?

Mr. BARKER.—I am just coming to that. 'The company agrees to expend in carrying out its operations a sum of money not less than £3,000 or $15,000 annually, which is to be accounted for at the end of each year ending June 30, together with satisfactory proof in the form of vouchers, &c., showing that the expenditure has been made.' Have you ever looked to see whether they are doing that ?

A. That contract is dated 1904, is it not ?

Q. Yes.

A. That does not apply to the bonuses under discussion.

Q. Well, you have been having these lists for the last six months and I will ask you, do you look into any of the features of this contract ?

A. We certainly do.

Q. This is only putting into writing what has been going on since 1901.

A. Yes, but the contract on which the bonus is paid is dated 1902.

Q. Mr. Foster tells me that the same provisions is in the contract of 1902.

A. Yes.

Q. I am only asking you whether you do it ; not whether you ought to do it or not.

A. We do not do it because we could not possibly do it. For one reason we have to take, in many cases, the certificate of the responsible officer.

Q. Did you get that certificate ?

A. Yes, in the same way that we get other certificates.

Q. Did you get a certificate that they had spent £3,000 that year ?

A. We got a certificate from the Superintendent of Immigration that these amounts were due to them and it is his duty to see that the contract is lived up to.

Q. We know that he certified that the company is entitled to £1 per head for everybody coming out, whether they got them or not, but when they agree to spend £3,000 did you ever see that this amount was expended before you authorized the payment of £1 per head?

A. We certainly did not.

Q. Then you have no certificate from any one ?

A. On the certificate of the Superintendent of Immigration that these amounts are due to the company and that they arrived here.

Q. Certainly, but something had to be done to earn that money.

A. Well, that amount would not be due to the company unless the company had fulfilled its agreement.

Q. What is the audit department for, but to see whether the departments are correct in certifying to accounts? You do not mean to say that you are to accept any certificate that comes to you ?

A. We certainly cannot go back to Amsterdam and other places to ascertain whether they have expended this money.

Q. At the end of each year it was the business of this Trading Company to render accounts showing that they had spent in that year $15,000 in advertising Canada, and encouraging emigration. Did you ever look at that at all before you authorize these payments amounting to $111,000 ?

A. I do not believe there was any necessity for us to get that information. The Department of the Interior got that information and were satisfied that they were able to certify that these amounts were due.

Q. Then you do not consider it any concern of your department that that $15,000 may, or may not, have been expended in any year ?

A. No, I do not.

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Q. Do you know anything about this North Atlantic Trading Company?

A. Not that I know of, except what information I gathered from the papers passing through the office and from the newspapers.

Q. Just tell us shortly from the papers passing through your office who they are and what they are?

A. You have asked me a question which I can not answer.

Q. You have told us what you gathered from the papers going through the office —what did you gather from the papers going through the office as to who forms this company, what the company does and all about it?

A. It is the North Atlantic Trading Company and a man named A. E. Cohen signs as cashier, and they seem to deposit, or to cash their cheques, in the German Bank in Amsterdam. Somebody who can read German could translate perhaps.

Q. That is as far as you know?

A. That is as far as I know.

Q. Have there never been any inquiries in the four or five years this has been going on, have there been no inquiries at all as to who these people are that are receiving these large sums, and that agreed to spend $15,000 a year?

A. I have made inquiries, but the information gained has been very small.

Q. Where did you make inquiry?

A. In many places, on the street, in the office, usually wherever I ran across anybody that was likely to know and, it occurred to me, I asked some leading questions.

Q. I can imagine you would go up and down the streets of Ottawa and never hear much about it. Did you ever make any inquiry to know whether there is a corporation of that name, or whether it is all fictitious?

A. I do not think it possible for me to make that inquiry here.

Q. You never did make any real inquiry?

A. No.

Q. Do the cheques come back to your office?

A. Yes.

Q. I suppose you always examine those cheques when they come back?

A. Yes.

Q. Invariably, do you?

A. Well——

Q. Somebody in the department?

A. Somebody in the department does.

Q. To see how they have been cashed?

Q. By whom cashed.

Q. Who has endorsed them and all that?

A. Yes.

Q. Did you see by any cheque that came back how this money was disposed of or the cheque cashed?

A. That is what I referred to.

Q. There are only a couple of them here. Have you at any time seen any cheque endorsed to any person at all, to any individual?

A. No.

Q. You never did, nor to any firm?

A. No. Many of these cheques are made out in favour of the Bank of Montreal to obtain bills of exchange.

Q. I mean those that go direct to Amsterdam. Did you ever get anything back in the department indicating that a cheque went otherwise than to the company, and only to the company?

A. No.

Q. You did not?

Q. They are endorsed by the company and as far as the information on the back of the cheque is concerned, they may have been cashed or they may have been placed to the credit of the company.

Q. So far as you know have these people any office in London?

A. Not that I know of.

Q. Have you or the old Auditor General, at any time, corresponded with Mr. Preston as to who these people are.

A. No.

Q. You never asked the question even of Mr. Preston?

A. Well, we never correspond with Mr. Preston. We correspond through the department.

Q. You can correspond with anybody under the provisions of the Audit Act. You have never corresponded with Mr. Preston to find out who these people are?

A. No, we have not.

Q. With whom did you correspond on the subject of this company? Or, with whom did the department correspond, if not with Mr. Preston?

A. We corresponded with the department.

Q. What department?

A. The Interior Department.

Q. What did you want to know about them?

A. We made inquiries with reference to these contracts. I think if you will look up the reports of the Auditor General for 1901-02, you will find a number of letters and also a copy of the contract then in force.

Q. Yes, but do you recall any—was that inquiry as to who these people were?

A. I do not know that it was an inquiry in those terms. It inquired in reference to the contract and what the provisions of the contract were.

Q. But nothing more than that?

A. I think not.

Q. You do not want to know anything about the company, as to who constituted it, or their ability to do this work?

A. No.

Q. Do you know whether any such inquiry was made at any time by your department from the Interior Department?

A. I think not.

Q. Was that a subject of discussion among the departments or between Mr. Preston and the Interior Department, so far as you know, when Mr. Preston was here a short time ago?

A. That is something which I know nothing about.

Q. You do not know? Would not that have been a good opportunity for you, having paid these very large sums of money, to ascertain who these people were that were getting all this money, and you did not know whether they were spending that $15,000 a year.

A. I think had we made those inquiries we would have gotten no information.

Q. Why do you think that?

A. Well, because there was not at that time a pertinent question between the Interior Department and our office.

Q. This was a standing question with you. I have just read to you the provision under which one side had to spend $15,000 a year, and the other side had to pay for each head, and you are the people who were to check the payments made on behalf of the Dominion. It was your business at any time to find out who these people were, especially in regard to the question of their ability to get immigrants, which was the whole question of value to the country—the whole value of their contract?

A. I think not in that case. The government evidently satisfied themselves that these people were capable because they put up a cash deposit to prove themselves capable.

Q. A cash deposit of £1,000 ?

A. Yes.

Q. And they agreed also to pay £3,000 a year ?

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A. And they were evidently a company doing business because they were recognized by the bank in Amsterdam.

Q. It is easy to get a bank to recognize you so far as receiving money for you is concerned ?

A. In that case they were a corporation of some account, as to who constitutes the corporation I do not think it is necessary for the Audit Office to know.

Q. But as examiner of the Audit Office, you think that where a company is entitled to collect large sums of money from the government, it is none of your business whether that company is doing its work or not ?

A. Yes, it is, but it is none of our business as to who are the shareholders of that company.

Q. But, I ask you, if you made inquiry about that $15,000 a year and you say you do not think it is your business either ?

A. But it is the business of the officers of the Immigration Department who are on the ground to ascertain.

By Mr. Geoffrion :

Q. You do not consider your department to be a detective agency, you consider your department to be an auditing department ?

A. Yes.

Q. You do not think you are under obligation to take a contract made between any department of the government with any company and examine it and interpret it, and go out to different countries to see that every clause of it, according to your own judgment is carried out. You do not think you are called upon to do that.

A. Not entirely.

Q. What Mr. Barker wanted to know, according to my understanding of his question, was whether you ought to take a certain clause in the contract, and go out everywhere, and find out by yourself whether that clause was carried out or not. You did not think, as far as I understood what you said, you did not appear to think that it was any part of your duty to do that as long as the accounts come to you properly certified, and if you think that according to your own judgment it is correctly certified and that the account is correct, and that you have no reasonable doubt that it is correct, that is the end of it ?

A. That is as I take it.

Q. That is the way I understand your answer ?

A. Yes.

Q. For instance, if you take that contract, which has been made, and you are called upon to pay accounts to that trading company or whatever you call it, it is not your duty I suppose, to find out who every member of that company is, who they are, or where they live. You only want that the account which it was intended to pay before it came to your department was properly certified ?

A. I take that to be the case.

Q. You do not consider it to be your duty to find out who every member of the company is ?

A. Certainly not.

Q. That is the way I understand it, and I wanted to find that out. Usually you think that all accounts which you are called upon to pay, as long as they are properly certified, as long as they are properly made out according to your judgment, if you don't think there is anything wrong with them, all there is about it is for you to pay them or certify them?

A. Certify them, yes.

By Mr. Stockton :

Q. I suppose that the question as to what was a proper certificate would be something for you to consider, to look into, would it not ?

A. Well, it depends upon what the certificate is for.

Q. Well, if you pay money under a contract you would want to know what the terms of the contract were ?

A. Whether it was certified or not.

Q. And if you paid the money under contract you would expect that the terms of the contract had been carried out, would you not ?

A. Yes.

Q. And if one of the terms of the contract was that the parties asking for the money had to spend, say $15,000 in a certain direction, it would be your duty as representing the Auditor General's Department to see that that part of the contract had been fulfilled, would it not ?

A. It would, or, that we had a certificate that it had been performed.

Q. If a certificate comes to the Auditor General's Department it is your duty to ascertain, as far as you can, whether that certificate is correct or not. Is it not ?

A. Certainly.

Q. Otherwise your audit as an auditor general would not be worth very much ?

A. No.

By Mr. Foster :

Q. Are there not many cases in which you receive an account and certificates from the proper officers of the department on that account, and the demand is made for payment of it, and yet you go behind that certificate and by actual examination in the office, and by sending persons to examine on the spot, before you make payment, or audit it fully ?

A. We certainly do.

Q. There are many instances of that kind ?

A. Some.

Q. You would not need to ask for the contract at all unless you thought you had power to audit. What is the need—if you thought it necessary—there seems to be no reason why you should know the contract unless you had that power ?

A. No, there is no reason.

Q. But in this case, the office, as far as you know, never did make any inquisition in Ottawa as to whether the terms of that contract were absolutely fulfilled or not?

A. Well, it would be impossible for us to do so, because we would have necessarily to send a man to the old country.

Q. That is what I mean. You did not do it ?

A. No; we had a copy of the contract and the arrivals were certified to by the officer.

Q. There is one thing I want to make clear and that is this, did you consider when demand was made for payment to the North Atlantic Trading Company, that all you had to do in respect to the passenger list and the bonus per head, was to take the duplicate list, or the list handed to you by the Department of the Interior.

A. No.

Q. Well, I do not understand.

A. The lists which are on file there, are largely supplied by the Interior Department and are made up from the ship's manifest. They are copied from the ship's manifests.

Q. Yes.

A. And when these lists come to me, I see at once that they are made by the department.

Q. Were they certified by the department?

A. They are certified by the officers of the department. I made inquiries as to where they obtained the information.

Q. That is you went behind their certificates.

A. Went behind their certificates, and they informed me that they were taken from the ships' manifests and I examined some of the manifests.

Q. A sample manifest?

A. A sample manifest, and I inquired into the general checking of the various immigrants that were entered upon these lists.

Q. And satisfied yourself that the lists were probably correct.

A. I satisfied myself as far as I was able to go in the time that the names entered on the lists were bona fide immigrants, according to the ship's manifests, and that they were coming from the countries named in the North Atlantic Trading Company's contract and that that company were entitled under the contract to a bonus of £1 per head.

Q. That was by an examination of one or two out of 20, say. On that basis you concluded that they all were correct?

A. Well, in this case——

Q. You could go no farther than that?

A. In this case the proportion would not be one to 20, it would be one to a much larger number.

Q. Well, it would be one to how many?

A. It would be very hard for me exactly to estimate because there were 6,000 or 7,000 immigrants, and to examine each one of those names would require several years for one person.

Q. So that by examination of one out of 100 or 200 names and finding these correct, you came to the conclusion to pass the whole 37,000 as correct.

A. I came to the conclusion that the officers' certificates were correct, and that they had taken proper precautions to check the ship's manifests.

Q. Did you ever address any inquiry to them to know whether they ever compared those names with the ship's manifests?

A. I certainly did.

Q. Did they give a certificate that they had?

Q. Well, they gave a verbal certificate, and I saw them doing the work.

Q. But did they do one in 100 or 200, or all?

A. They did all, because they necessarily have to copy the names, and these names are not easy names to copy. They have to copy all the names from the ship's manifests to these sheets.

Q. And they certify that these are all taken from the ship's manifests and properly certified to?

A. Yes. They have the ship's manifests and no other place to get these names from, and these are copied by junior officers in the department.

Q. Did you ever address any inquiry to the Interior Department as to what evidence they had satisfied themselves that $15,000 had been spent every year as demanded by the contract?

A. I inquired of officers there, yes.

Q. What answer did you get?

A. Well, they informed me that the contract had been lived up to.

Q. But did they ever give you a special answer to that special question?

A. No, I cannot say that they did. My inquiries were usually general inquiries, and I had access to their files, and got whatever information I asked for.

By Mr. Hughes (Queen's):

Q. You said you compared some of the certificates of the Interior Department with the ship's manifest and found them correct?

A. At least I looked over these lists which are given here, and saw the manifests from which they were taken. I will not say that I took one man's name, say John Jones, and hunted him up on a special manifest, but I took a manifest and saw there

were numerous names of those persons on the manifest, and looking over the list I found names there which were identical.

Q. Those that you compared you found correct?

A. I did.

Q. Were those that you did not compare certified to by the same officer in the Interior Department?

A. Undoubtedly.

Q. They were all certified to by the same officer, those which you compared and those which you did not?

A. Yes.

By Mr. McLean (Lunenburg):

Q. Is there anything in the Audit Act which is a direction to you or any officer in this department to see that this contract with reference to advertising is carried out, or would you consider that merely a matter for the Interior Department?

A. I certainly would.

Q. And not the Auditor General's Department. Any auditing of accounts I presume, as you have said already, you must rely upon the certificates of the departmental officers, and probably you are guided by section 46 of the Audit Act, and in that respect have made an examination of vouchers relating to the appropriation of the grants for the several services sanctioned by the Appropriation Act of the year or by any Act of Parliament the Auditor General shall test the accuracy of the additions and computations of the several items of such vouchers ; but if he is satisfied that the accounts bear evidence that the vouchers have been completely checked, examined and certified as correct in every respect and that they have been allowed and passed by the proper departmental officers, he may admit the same as satisfactory evidence of payment in support of the charges to which they relate. You are guided by that ?

A. We are guided by that.

Q. You would make a further audit or examination if requested to do so by the Minister of Finance or the Receiver General, under that section?

A. Under that section, yes.

Q. And whenever any payments are made out in connection with the North Atlantic Trading Company, say the vouchers are all certified to by some officer, some departmental officers of the Interior Department?

A. Yes.

Q. And any examination you may make is of a general character, I suppose, to satisfy yourself as to the accuracy in a general way, by way of testing?

A. By way of testing.

Q. There can be no way whereby you could possibly tell whether this company were carrying out completely their contract, only such test as you made there?

A. No.

Q. Supposing they had disbursed $14,000 at the end or the middle of the 11th month of the year, and that amount was represented as disbursed, and properly disbursed, you will have to pay it?

A. Yes.

Q. There would be no time of the year, except the very last moment of the twelfth month, you could properly make any inquiry of the Department of the Interior, whether the amount had been disbursed, would there ?

A. No, there would not.

Q. Because the company would have until the end of the year to make these disbursements?

A. Well, the company would certainly have until the end of the year.

Q. Let me illustrate; supposing at the end of the eleventh month this company spent $14,500, and the expenditures were properly made, and supposing they did not

advertise to the extent of $1 more, there would be no time when you could make any protest to the Department of the Interior about that until the end of the year?

A. I could not make it until the end of the year.

Q. You are bound to pay the charges as they are presented?

A. I was bound to make advances, but the final settlement of these accounts held over. In this case they were held over for three years.

Q. And you consider it purely a matter for the Department of the Interior to say that this contract was carried out and to see that the expenditure did not exceed $15,000?

A. That the expenditure was $15,000?

Q. $15,000 for the year?

A. I do not quite understand the question. This $15,000 is not a payment that was made by the Audit Office at all.

Q. It is made by the Department of the Interior?

A. No.

By the Chairman :

Q. It is an allowance?

A. No. It is an expenditure which the company is bound to make in advertising, &c., and these bonuses are paid over to them on the arrival of the immigrants.

By Mr. Hughes (Victoria) :

Q. There is one question I would like to ask about the cheques. Who issued these cheques to the North Atlantic Trading Co.?

A. The Accountant and Deputy Minister of the Interior and the High Commissioner and Commissioner of Immigration.

Q. Do they all four sign them?

A. No, not all four, but two. There are two letters of credit; cheques on the London letter of credit are signed by Lord Strathcona and Mr. Preston. Those on the Ottawa letters were signed by Mr. Beddoe and Mr. Smart, and later on by Mr. Cory.

Q. But to whom are these letters of credit issued?

A. To these gentlemen.

Q. Are they not all issued by Lord Strathcona and the Commissioner of Immigration?

A. The letters of credit are to these gentlemen.

Q. And the payments by Lord Strathcona and Mr. Preston are made how?

A. By cheque.

Q. And have you those cheques?

A. We have them in some cases.

Q. Have you in all cases?

A. No.

Q. Why not?

A. Because they have been returned to the department.

Q. To which department?

A. To the Interior Department.

Q. And the cheques issued by Mr. Preston and Lord Strathcona, are they returned to the Interior Department?

A. After a period of years.

Q. I have just heard Mr. Scott, an officer of the Interior Department, swear, in the Agricultural Committee, that they never come back. He said that they get the vouchers, but that they get no cheques returned.

By Mr. Northrup :

Q. Be good enough to tell us what vouchers you had before you when these accounts of the North Atlantic Trading Company were passed by your department ?

A. What vouchers?

Q. The vouchers which your department had before it when it passed these accounts for payment to this company?

A. We had the list of arrivals at the various ports in Canada.

Q. I am asking for vouchers, not for accounts?

A. These lists constitute a voucher.

Q. A list signed by you?

A. Signed by the Superintendent of Immigration.

Q. A list signed by the Superintendent of Immigration of the arrivals at the various ports?

A. Yes, these vouchers or lists are made up by the officers of his department.

Q. You have the list before you as a voucher on which you pass the account?

A. This list of arrivals.

Q. A list of arrivals signed by the Superintendent of Immigration—that is one voucher?

A. That is all we require.

Q. That is the only voucher the Audit Department had before it when it paid this large sum?

A. Yes.

Q. By whom were these lists signed—by the Superintendent of Immigration?

A. Yes.

Q. Can he personally know anything about the number of immigrants arriving?

A. Not personally, but through his staff he can.

Q. How can he learn through his staff?

A. By taking the names off the manifests and entering them on his lists.

Q. The steamship company sends him a list of the passengers?

A. Yes.

Q. The officials of the department check this?

A. They make up the list and hand it in.

Q. They inform you of the number of passengers, and then you pay without any other voucher?

A. Yes.

By Mr. Barker:

Q. On this question of your going behind the certificate, are you aware that a couple of years ago the former Auditor General went behind a certificate of the Railway Department properly vouched, and sent an engineer down to examine the work, and he reduced the estimate by many thousands of dollars ?

A. I am.

Q. Do you think you could do that in this case?

A. Yes, if I felt I had not confidence in the certificate of the Department of the Interior officer.

Q. You could do it when you thought it was your duty?

A. If we had staff, time and money.

Q. Could not you go behind that certificate after you had this paid out?

A. I think so.

By Mr. Cockshutt:

Q. I notice in looking over this document that the Allan line give their address as Liverpool in one place and in another place as Glasgow. Is there any special

reason why when such well known firms as that give their address when they receive a small amount why the address should not be given of such a large concern as the North Atlantic Trading Company, receiving twenty times as much?

A. I think the C.P.R. and the other companies' addresses were not given. The distinction was made in that case to specify the two companies of Allans.

Q. You know of no special reason why the address of the North Atlantic Trading Company should be suppressed?

A. Not at all, except——

Q. You don't know where their business address is?

A. I do.

Q. Will you kindly tell us what their business address is?

A. Their business address, according to their cheques, is Amsterdam.

By Mr. Hughes (Victoria):

Q. Have you any means of knowing whether immigrants for whom you pay are actually shipped by this North Atlantic Trading Company?

A. No, and under the contract I do not think it is necessary for us to know that they are shipped. It is shown on arrival.

Q. Is there not a clause in the agreement which requires that these will be immigrants of certain classes, and placed at certain work in Canada?

A. Yes, and in certain sections.

Q. Do you see that this is carried out?

A. No.

Q. Why not?

A. Because it is not our duty. It is the duty of the officers of the Interior Department.

Q. Suppose a case, that an officer of the Interior Department might be in collusion with the steamship company to pay a bonus on a larger number of these immigrants that came here. Is there any way of checking this?

A. I do not see how we possibly could do the checking, unless we had numerous officials to meet the steamships and check the manifests; practically do the work of the department.

Q. Have you any record of the number of immigrants that came under this bonus, whether brought out by friends, and with whom the North Atlantic Trading Company have no connection but upon whom they draw a bonus?

A. We have not, it is not necessary. They are not paid the bonus upon persons whom they send out, but upon persons who arrive from those countries at certain ports of entry, and they must be of certain classes, such as agriculturists and domestics.

Q. But then have you no means of tracing whether they send them or whether the immigrants come of their own accord?

A. We have not. It is not necessary.

By Mr. Hughes (Victoria):

Q. Before Mr. Stockton goes, I wish to ask whether he is in a position to answer anything about the payments of bonuses on immigrants from England?

A. Well, as far as my knowledge will carry me——

Q. Have you any record? What is your rule in checking immigration from Great Britain and Ireland, in checking payment of bonuses there?

A. Much the same, as I understand in connection with the Leopold bonuses. Lists are sent out and these are checked with the manifest lists of the various boats and the lists of immigrants to which the steamship's sub-agents are entitled are duplicated and the steamship company is paid the amount due them.

Q. Who pays the sub-agents?

A. The steamship company in the case of previous years.

Q. Are none of these sub-agents paid by Mr. Preston ?

A. Not directly, except in some odd cases, these odd cases in connection with this Mr. Leopold and one or two others that I think are named in the report here.

Q. Are the steampship bonuses not paid through Mr. Preston's office ?

A. Which?

Q. By Mr. Preston's cheque?

A. By Mr. Preston's cheque.

Mr. W. W. CORY, called and sworn, and examined.

By Mr. Barker :

Q. How long have you been connected with the Department of the Interior, and in what capacity, Mr. Cory ?

A. I first became connected with the department, I think on the 5th January, 1901. My first introduction was in connection with the patenting of railway land grants. I think on the 1st July, 1901, I was transferred to the Yukon branch of the service and became inspector of public offices in the Yukon Territory, and remained in that capacity until the summer, I think it was, of 1904, when I became attached to the Commissioner of Dominion Lands Branch. On 1st January, 1905, I became deputy minister.

Q. That is, all this time you have been in one capacity or another in the one department ?

A. In the one department, yes.

Q. Have you had any connection with what might be called the Immigration Department ; when did that begin ?

A. On the 1st January, 1905.

Q. Had you any knowledge of immigration affairs before that as an officer of the department ?

A. Not as an officer of the department.

Q. You didn't know anything about it ?

A. No.

Q. To go as far back as 1901, who had particular charge of that branch of the department ?

A. Of course, the minister and the deputy minister, and I think Mr. Pedley was superintendent of immigration, but I am not certain up to what date, and then he was succeeded by Mr. Scott.

Q. Who was the deputy minister ?

A. Mr. Smart.

Q. And Mr. Pedley was——

A. He was superintendent of immigration.

Q. Where is he now ?

A. He is Deputy Superintendent General of Indian Affairs.

Q. At Ottawa?

A. Yes.

Q. Who would have initiated in 1901-02 such an arrangement as you know was made with the North Atlantic Trading Company ?

A. I fancy the minister and the deputy minister. I have not any knowledge on that subject. I do not know who did it, but they naturally would know.

Q. They would be the persons that would initiate it ?

A. I think so, yes, sir.

Q. Have you any knowledge, acquired since, of the beginning of these negotiations ?

A. No, I have not. I never had occasion to inquire into that. I have heard indirectly that the negotiations were first instituted by the High Commissioner, but I have not any knowledge of that.

Q. In London ?

A. Yes.

Q. Do you know who the North Atlantic Trading Company consists of ?

A. I do not know.

Q. Have you ever heard ?

A. I have never heard that I know of. I think there are two gentlemen who signed the contract in some official capacity. Theirs are the only two names I know.

Q. I suppose you see reports in the department, and things of that kind are open to you?

A. Certainly.

Q. Do you know whether these reports give any information as to what this company consists of?

A. I never had occasion to look that matter up.

Q. Perhaps I may read a paragraph or two from a report dated April 21, 1902. The minister observes that about two years ago the immigration department made a tentative arrangement with an organization known as the North Atlantic Trading Company, composed of certain leading representative continental steamship agents, having its headquarters at Amsterdam?

A. That is my understanding of the organization.

Q. It did not profess to be a company?

A. No.

Q. It was a syndicate of steamship agents?

A. Yes, I think that is right.

Q. Have you any knowledge of the composition—who are the agents?

A. No, I have not.

Q. Or how far the syndicate extends?

A. Their operations are set out in the agreement, in certain countries, that is the only knowledge I have of their operations.

Q. We are now dealing entirely with the position of what is called the company.

A. I have no knowledge of that.

Q. You never heard?

A. I never heard any more than it is a syndicate of steamship agents. I have never heard the names of any of them any more than those two who signed the contract.

Q. It does not purport to have been an incorporated body?

A. No.

Q. It is what is called a syndicate?

A. Yes, or an association.

Q. Is it a tangible one, or one that so far as you know may consist of certain people to-day and others to-morrow?

A. I should imagine they could do that.

Q. It is a somewhat movable affair ?

A. Yes.

Q. And have you any knowledge as to whether it consists of anybody except steamship agents?

A. I have not.

Q. Never heard any discussion about that?

A. No, I have never heard any discussion as to who might constitute the company any more than steamship agents. That is the only knowledge I have about it.

Q. Do you know where any of these steamship agents that constitute the company or association have their headquarters?

A. None excepting that the company's headquarters are at Amsterdam, I think.

Q. Do you think all the people of this syndicate live at Amsterdam?

A. No, I do not think so—I haven't any knowledge.

Q. That is where their head office is?

A. Yes.
Q. They may not live there or be Hollanders at all?
A. No. I——
Q. You don't know how that is?
A. No.

By Mr. Clarke:

Q. They are not a corporation?
A. No, so I understand.

By Mr. Barker:

Q. Now, is there any record in the department, to your knowledge, of these negotiations?

A. Well, not that I am aware of. There may be. I can ascertain that. I am not aware of them now.

Q. They would be probably with whom?

A. Well, that would be, I think, on the official files in connection with the transaction.

Q. Addressed by the minister or deputy minister?

A. They might be addressed to either. I think that the arrangement was recommended by the High Commissioner, so I presume the first negotiations would be through him.

Q. And then the correspondence would be taken up. Who was the immigration commissioner at London at that time?

A. I am not certain, but I fancy it was Mr. Preston. I cannot remember when he was appointed, but I think he was commissioner at that time.

Q. Would the correspondence be between the deputy and Mr. Preston?

A. It might be. It might be between the deputy and the High Commissioner.

Q. Will you look at your files back as far as the very beginning of this thing, and obtain the information and tell us whether there is anything, and then we will see the papers themselves?

A. The principal information you want is——

Q. We want to find the initiation of this and to see the correspondence itself. Perhaps you had better ask a clerk to get it ready. Who was deputy minister in 1901?

A. Mr. Smart.
Q. And when did he cease to be connected with the department?
A. December 31, 1904.
Q. He was deputy up to that time?
A. Yes.
Q. And you succeeded him ?
A. I succeeded him.
Q. On January 1, 1905 ?
A. Yes, I did not come into the office until January 2.
Q. Very well, if you will get that correspondence and leave it with the committee?
A. Yes.

The committee adjourned.

APPENDIX No. 3

COMMITTEE ROOM No. 32,
HOUSE OF COMMONS,
FRIDAY, 6th April, 1906.

The Select Standing Committee of the House of Commons on Public Accounts met this day at 10.30 o'clock a.m., Mr. Belcourt in the chair, and proceeded to the further consideration of the accounts of the North Atlantic Trading Company, as set out at L—26 of the report of the Auditor General for the fiscal year ended June 30, 1905.

Mr. CHARLES H. BEDDOE, accountant of the Department of the Interior, called and sworn, and examined.

By Mr. Foster :

Q. Mr. Beddoe, are you the accountant of the Department of the Interior?
A. Yes, sir.
Q. How long have you been accountant.
A. Seven years.
Q. Your service dates back seven years?
A. To 1899, yes, sir.
Q. Briefly, what are your duties as accountant in that department?
A. The usual duties of an accountant of any institution outside of the government—to have the supervision of all accounts.
Q. All accounts of the department are presented to you for payment, are they?
A. Yes, sir.
Q. Are they presented to you for payment after having been certified ?
A. That is the payments made at what we call the head office, the payments made at the head office at Ottawa. There are other payments which are made on letters of credit, and the statements in connection with those are sent in monthly to the department and checked and sent to the Audit Office.
Q. And those accounts also come before you?
A. Yes, sir.
Q. That is, practically all the accounts, before they are paid at the head office, come before you?
A. All at the head office, yes.
Q. And all accounts ultimately come before you whether they are paid at the head office or paid out by letters of credit?
A. Yes, sir.
Q. Now, is it your duty, Mr. Beddoe, to do anything else than just simply to see that those accounts are correct in the matter of additions and the like of that, or is it your duty to examine into them to see whether they ought to be paid or not?
A. Certainly we are supposed to inspect them and see if they are absolutely correct.
Q. And before they are paid you would be expected to do that work or to see that it had been done?
A. Yes, sir.
Q. That is, you are to satisfy ourself that the accounts are correct, and that they ought to be paid?
A. Yes, sir.

Q. Have you had cognizance of the accounts of the North Atlantic Trading Company?

A. I have.

Q. They have come before you in the regular order?

A. That is requests for payment of those accounts.

Q. Have any payments been made for accounts to the North Atlantic Trading Company which have not come before you?

A. They have been examined before they have come to our branch, the accounts branch, and payments have been made of certified accounts.

Q. That is in respect to some of them or all of them. You have issued the payments on certified accounts?

A. Yes.

Q. They having been certified by some one else than yourself?

A. Yes.

Q. But all the accounts have in one way or another passed before you and through your hands?

A. They have all, as far as my recollection serves me, been sent to our department before transmission to the Audit Office.

Q. Well, then, what accounts of the North Atlantic Trading Company have been presented to you and what dates? Have you a list of them here?

A. Well, Mr. Chairman, I would like to make a statement at this point in the examination, if you will permit me. It is only yesterday that I received a request to furnish certain information to the committee. It involved a great deal of research, and I found that the papers, in which a great deal of the evidence is contained, are now before the Agricultural Committee and inaccessible, and I would therefore like a little more time in order that I can see those accounts and furnish all the information that is required to this honourable committee.

Q. That is reasonable. Perhaps if you had access to these accounts now you could have the information before the committee adjourns.

A. I think it would take a longer time than that, Mr. Foster.

Q. Well, then, will you do that and have the information ready for the meeting next Wednesday?

A. Yes.

Q. It is not worth while going on any further until we have that information?

A. It is simply impossible to get the information out in the limited time.

Witness then retired.

Mr. W. D. SCOTT, superintendent of immigration, called and sworn, and examined.

By Mr. Barker:

Q. What is your position in the Department of the Interior?

A. I am Superintendent of Immigration.

Q. Will you tell us of whom the North Atlantic Trading Company is composed?

A. I have no knowledge.

Q. No knowledge?

A. No knowledge, sir.

Q. How long have you been Superintendent of Immigration, Mr. Scott?

A. Three years.

Q. Three years? That company has been drawing large sums of money from your department?

A. Yes, sir.

Q. The one that you are so particularly concerned with?

A. Which?

Q. The immigration department?

A. Yes, sir.

Q. You do not know anything about the composition of the so-called trading company?

A. No, sir.

Q. Do you know whether it is a company at all or a mere association of individuals for a purpose?

A. I have no knowledge further than the order in council which is on the official files.

Q. What does that tell you on this subject?

A. It does not mention the names of the people who compose the company, to my knowledge.

Q. Does it indicate that it is not a company, that it is a mere association of booking agents?

A. I could not tell you from memory.

Q. You could not tell me from memory?

A. No, sir.

Q. You know this matter has been up before the Agriculture Committee?

A. Yes, sir.

Q. You have not taken the trouble in connection with your own department to ascertain anything of that kind, knowing that there is an inquiry into it?

A. I have not read the order in council for a couple of years.

Q. You have not taken the trouble to learn anything on that subject, although you know that an inquiry is proceeding?

Q. I have not been asked.

Q. I will read the report of the Privy Council: 'The minister observes that about two years ago the Immigration Department' (this is dated 1902) 'made a tentative arrangement with an organization known as the North Atlantic Trading Company, composed of certain leading and representative continental steamship agents, having its headquarters at Amsterdam.' You are aware that that organization of steamship agents, sometimes called booking agents, and sometimes ticket agents, have a contract with your particular department involving very important matters?

A. A contract with the Department of Interior, yes.

Q. You have known that? You know that large sums of money have been claimed and paid to that organization?

A. Under the order in council and contract.

Q. And you know, I suppose, that that organization, as one of the conditions of getting that money, had undertaken to spend $15,000 a year?

A. Yes, sir.

Q. And you do not know who they are?

A. I know they spent the $15,000.

Q. You do not know who they are?

A. I do not know, sir, further, than that they are the North Altantic Trading Company.

Q. You have no curiosity on that subject as an official?

A. No, sir.

Q. Has not a select committee of this House asked you to ascertain who they are?

A. It was mentioned in the committee, yes.

Q. Mentioned in the committee? Did they not ask you to get the information?

A. The committee did not, no, sir.

Q. Did any member of the committee ask you?

A. One member, sir.

Q. What answer did you give?

A. I said I would ascertain. I would cable to London providing the minister gave me permission.

Q. The question was asked you whether you could cable Lord Strathcona and get the information. Your reply was, 'I suppose he could ascertain and get the information. I have none here except what is on the official file'?

A. That is correct.

Q. You were also asked: 'Could you cable for that information and produce before the committee a copy of your cable and of the reply? A. Yes, with the consent of the minister I will. Q. Could you do that for this afternoon? A. With the consent of the minister, yes. Q. But you are going to send at once that cable to Lord Strathcona? A. With the consent of the minister, yes. I would have to submit it to him. Q. And will you give the answer to the chairman as soon as you get it? A. As soon as I get it. Q. Have you any reason to suppose that the minister has any objection to getting that information? A. None at all; I never spoke to him on the subject. Q. If he does not object you can send that cable at once? A. Certainly.'

A. That is right.

Q. Since then what have you done to get that information?

A. I submitted the matter; I spoke to the deputy minister about it.

Q. You spoke to the deputy. What did you say to him?

A. I handed him the slip of paper upon which Mr. Monk, I think it was, had written the questions he wanted to have cabled. I was advised that if the committee wished the information they could send the cable themselves.

Q. That was the answer that was to come back to the committee?

A. I have not given it to the committee. It is the Committee on Agriculture I am speaking about.

Q. That is the answer to be given in reply to the committee?

A. Yes.

Mr. MACDONALD raises objection to the question as being a matter that took place before another committee, and the chairman rules: The proceedings referred to by the hon. gentleman are proceedings which took place before another committee, but I think that the question is a fair one, because it fairly arises from a previous question put by Mr. Barker as to the information and knowledge which the witness has concerning this company. The question, which I think was a fair one, was whether Mr. Scott knew who were the people who composed this company. I think it is a fair question. It does not seem to me, however, that there is really anything before the committee. The witness has told us that he has not got the information in question. He has not asked for it and he had nothing to say about it. I think Mr. Barker agrees that there are no more questions of that kind to be put to the witness.

By Mr. Barker :

Q. I began by asking this witness, and I am going to ask him again whether he knowing that this question was before the House and the committee, has made any efforts to obtain that information and with what result ?

A. None whatever.

Q. You have made no effort whatever ?

A. I have not sent any cable, no.

Q. Why ?

A. Because I was advised not to, that if the committee wanted the information they could send the cable themselves.

Q. And therefore you did not do it ?

A. No, sir.

Q. By whom were you advised not to do it ?

A. The particular party to whom I spoke was the deputy minister.

Objection was taken by Mr. Macdonald to further questions upon a subject upon which the witness says he has no information.

Mr. BARKER.—This witness is asked a question he ought to know all about.

The WITNESS.—Not quite, Mr. Barker.

The CHAIRMAN.—The witness has told you he has not got the information and that he acted on the advice of the deputy minister.

By Mr. Barker :

Q. Had you any other authority than that of the deputy minister ?
A. That is all. I gave you all the information I had.
Q. Had you any other authority than that of the deputy minister direct or indirect?
A. I did not speak to anybody but the deputy minister.
Q. Had you any other authority direct or indirect than that of the deputy minister?
A. None at all.
Q. You do not know that any other person directed that you should not do as requested ?
A. I could not say, no. I did not speak to anybody but the deputy minister.
Q. But when the deputy minister told you nobody else said anything ?

The CHAIRMAN.—The deputy minister is here, I think, it would be fair to ask him.

Mr. BARKER.—This gentleman ought to know. It is in his own department. He ought to have ascertained the information as he promised.

The WITNESS.—I did not promise. In the first place——

Mr. BARKER.—This witness was ordered to attend here and give information to the committee.

The WITNESS.—I received no orders.

By Mr. Barker:

Q. You were instructed to come here ?
A. No. I never received any orders from the committee to come here to-day.
Q. How did you happen to come ?
A. I came here on my own account.
Q. Did you not know you were requested to attend ?
A. I received no order from this committee.
Q. Did you know you were requested to attend?
A. I received no order from this committee.
Q. I did not ask you that. Did you know you were requested to attend this committee ?
A. I was not requested.
Q. Did you know that you were required to be present at this meeting to give information ?
A. The deputy minister said : 'You had better go over.' But I did not get any order from the committee.
Q. You were here at the last meeting too ?
A. I was.
Q. And you came here for amusement I suppose ?
A. No I did not. I came for information.
Q. You came here for information ?
A. Yes.
Q. Now you are here to give information ?
A. Yes.
Q. Now, sir, knowing from the questions that were put to you the other day that we were seeking to obtain information as to who these people are, and you being the head of that department, have you made no effort to obtain the desired information since?
A. No, sir.

Q. None whatever ?

A. No, sir, none at all.

Mr. MACLEAN (Lunenburg) objects to the examination being continued in regard to matters concerning which the witness has stated several times that he has no information.

Mr. BARKER.—Mr. Chairman, if any gentleman in this committee seeks to stop such questions as this I will put it to the committee and if the committee overrule me I will appeal to the House on the subject. I am not going to be held up in such a manner. I have read his statement from the order in council that this is not a corporation, as the gentleman says it is, but a mere organization of certain persons calling themselves by that name, that is all. I would like to see the gentleman produce the contract.

THE WITNESS.—The contract with the seal of the company is on the file.

Mr. BARKER.—I am speaking now of the contract in 1902. I read to the witness to-day from the report in 1902, and I call his attention to the fact that this was in the early days of the negotiations that we are trying to get at.

The CHAIRMAN.—I think it is unfair to the chairman for Mr. Barker to say that he is going to appeal to the House if he is overruled, particularly since I have allowed every one of these questions to be put. I do not think it is quite proper on the part of the honourable gentleman.

Mr. BARKER.—I beg to withdraw that.

The CHAIRMAN.—I have allowed the fullest investigation in this matter.

Mr. BARKER.—I did not intend to reflect on the chairman.

The CHAIRMAN.—I am prepared to rule that the question as to the composition of the North Atlantic Trading Company is a proper matter for investigation before the committee. If I had not been prepared to rule that I think I would have found it my duty to stop these questions long ago. I do consider, however, that the honourable gentleman has carried the investigation, as far as he can profitably do so, with respect to this witness at all events, because he has already stated that he personally knows nothing of the matter in question. He has not inquired, and he is not in a position to tell the committee any more than he has already told. He has stated that he has told everything he has to say or knows about the subject.

Mr. LENNOX.—He promised to get the consent of the minister, and he did not.

A. Excuse me, I did not say that. I said I would cable if the minister would consent.

By Mr. Lennox:

Q. And how would you get the consent of the minister?

A. In the usual way through the deputy.

By Mr. Barker:

Q. To whom, Mr. Scott, have remittances in payment of claims of this association been sent, to your knowledge?

A. I simply certify to the account, and it is passed on to the accountant, who attends to the financial end of it. I have nothing to do with the cash end of it at all, and simply certify to the account.

Q. To whom, as far as you know, are the remittances actually sent?

A. I think the usual procedure has been in the past, the funds are cabled to the High Commissioner. That is the usual way.

Q. The usual procedure is to send the money to the High Commissioner?

A. I think that is the way, yes.

Q. Is that cabled under letters of credit or credit orders or under absolutely passed vouchers?

A. I cannot tell you, I do not understand you quite.

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Q. How does it go?

A. It is done through the accountant's branch. I simply certify to the account and it is sent over.

Q. I do not expect you to understand everything that is done in all the branches. You do not know to whom the cheques or bills of exchange or whatever they may be are actually transmitted?

A. No, I am personally not aware.

Q. What do you mean by that?

A. It is not in my branch. It is in the accountant's branch.

Q. But whatever happens in connection with this matter concerns this committee and concerns you?

A. I say, I think they go by letters of credit or by cable to the High Commissioner.

Q. I ask you if any money is transmitted by cheque or bill of exchange from here?

A. I think it goes to the High Commissioner; I would not be sure, though.

Q. If you knew to the contrary I would expect you to tell me, that is all. What investigation do you make into the accounts of this trading company?

A. The accounts are made up in my branch. According to the contract the company are entitled to a bonus upon certain classes of people coming from certain countries. These people, when they leave the other side—the manifest is made up by the purser. That manifest is certified to or declared to by the master of the ship, that the information contained in it is correct. The manifest is handed by the purser of the ship to our agent at the port of landing. The immigrant is first subjected to medical inspection and afterwards to civil inspection by our agent and his clerks, who note upon this manifest any misstatements or errors in the manifest. The manifest is sent to Ottawa here and we select from it the names of those upon whom we consider the company are entitled to a bonus. The same thing applies to British bonuses.

Q. How do you settle that question whom you consider—how do you select?

A. In the first place, the man must be an agriculturist, according to the contract.

Q. How do you ascertain that?

A. The agent asks him the question.

Q. That is all?

A. Yes.

Q. As to the number of those who come out, you simply take the statement made on board the ship?

A. No. Our agent at the port of landing.

Q. That he is an agriculturist?

A. And that he comes from a certain country.

Q. There may be 10,000 or 15,000 of these. Do you make any inquiry in England as to the truthfulness of this statement—check it over?

A. We accept our agent's statements.

Q. And the answer made to you by the agriculturist?

A. By the man himself.

Q. You don't take the word of this company and make no investigation in England through your Mr. Preston or anybody else as to whether the statement is true? You know that man may be told when he is coming over, 'You say in Canada that you are a farmer.'

A. We have found that to happen in the case of English bonuses. I have not discovered it as far as the continent is concerned.

Q. Have you made any inquiry about the continent? You say you find it among Englishmen, who perhaps may be a little more inclined to take advantage of you than the Europeans. Have you made inquiry by any other means, through Mr. Preston or otherwise?

A. No, none.

Q. And very large numbers have come?

A. The percentage we pay on is very small. I do not suppose they all would really come——

Q. And these people are people that do not speak English. They speak through an interpreter?

A. Yes.

Q. And no matter how long that continues, how large the number may be, you pay it and you take no means of checking whether they are of the agriculture or servant girl class?

A. Further than our agent's report at the ocean port.

Q. And he simply takes the word of the man himself?

A. Of the man himself, yes.

Q. That is all you do, then, or do you do anything more?

A. There is a great deal done with immigrants?

Q. I mean for the purpose of investigation?

A. Each man is asked his name, the amount of money he has, his age, whether he can read and write, his nationality, the country of his birth and whether he is married or single.

Q. That is for your own statistical purposes?

A. And for the preparation of this account.

Q. Nothing else towards checking the fact that the company was entitled to £1 or whatever it may be on that man?

A. That is as far as we go.

Q. That is all you do?

A. Yes.

Q. Do you make any investigation as to whether the $15,000 is expended by this syndicate in the work?

A. Once a year they file with the department a statement of their expenditures, together with the vouchers, copies of their advertising matter, and I think copies of their advertisements.

Q. Have you got any of these statements ?

A. I have been ordered to produce them before the Agriculture Committee next Wednesday. They will be produced on Wednesday.

Q. Do you say that at the end of every year you have had evidence that $15,000 was spent.

A. Since I have been in the department, yes.

Q. The last three years?

A. Yes.

Q. What sort of vouchers do you obtain?

A. From memory, I think they are vouchers for printing—the usual stamped voucher that you get in the old country, in that shape, and they render a statement.

Q. You have been satisfied by what you consider proper evidence that $15,000 a year was expended?

A. Yes, I think so; I think they spend a great deal more than that some years.

Q. Sometimes?

A. Yes.

Q. And it is sent on to the Audit Office?

A. No, they are kept in our office.

Q. They have never been audited?

A. Well, I do not know, except by our clerks.

Q. I mean in the Audit Office?

A. No.

Q. I suppose that is so. I understand from that they don't consider it part of their duties. Will you tell me why this account has been kept open so long?

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A. It is very difficult at the end of the fiscal year to get an account of that kind closed out. There are a great many of the immigrants, and that is about the season of the year that the large continental boats, the Hamburg-American line, bring these people out, just about the end of the fiscal year.

Q. Could you not have closed last year and the first three months of this year? I see you are running on every year with an unclosed account?

A. I think the account now has been closed up or is about in shape up to about the end of January.

Q. This account now before the committee runs back to 1901?

A. That is before I came into the department.

Q. Can you explain why it has been kept so long?

A. I cannot say.

Q. Do you know whether before your work began the $15,000 a year expenditure was investigated?

A. No, I cannot say that.

Q. You don't know with whom the department here corresponds if they do correspondence with any representative of this trading company?

A. Which?

Q. You don't know with whom the department here corresponds if they do correspond with a representative of the trading company in regard to accounts?

A. In this country?

Q. Yes?

A. We correspond with Mr. Smart, the late deputy minister.

Q. Mr. James A. Smart?

A. Yes. Some time after he resigned as deputy minister I was advised by letter from the company that they had appointed him their representative in Canada.

Q. Have you got that letter?

A. I think it is on these files.

Q. From whom did that come?

A. From the North Atlantic Trading Company.

Q. Who signed it?

A. I do not know. The letter is on file. I do not recollect it.

Q. Was it very long after he retired?

A. I cannot say. The letter is on the file, Mr. Barker.

Q. What was the date of his resignation?

A. I cannot tell you that.

Q. About what time?

A. I cannot tell you.

Q. I want to get at it nearly?

A. About a year ago, I think.

Q. Now, what is the nature of your correspondence with Mr. Smart?

A. It is all on file there.

Q. I want you to tell me shortly what were the subjects of your correspondence?

A. In reference to the payment of bonuses.

Q. In what way; do you send him the bonuses?

A. I think from the tenor of the correspondence his view was that we did not pay them enough.

Q. He wants more?

A. I think so.

Q. Anything else?

A. I think that is about all.

Q. Do you send him the money?

A. I do not know what becomes of the money. That is done through the Accountant's Branch.

Q. Of your department?

A. To the Department of the Interior.

Q. You don't know whether the money is sent to Mr. Smart or not?

A. No.

Q. Do you receive accounts through Mr. Smart?

A. No; we prepare the accounts ourselves from the manifests.

Q. You pay on everything; every man that comes from the countries affected by the contract?

A. Of the classes coming under the contract.

Q. Does Mr. Smart have any interest in that part of it so far as you know?

A. I have not seen anything of it.

Q. You don't know whether he looks after the trading company and the people who receive the information from them?

A. No.

Q. You have no evidence of that?

A. No.

Q. Have you ever had any discussion with Mr. Smart since he has been connected with this trading association?

A. I think the only discussion was in reference to the payment of bonuses. I think he claims the company should have been paid on more than we allowed them.

Q. Do you know what his position is in connection with this syndicate?

A. Nothing further than what is in the letter in the file, I think.

Q. You have never asked?

A. I have never asked anything outside the letter.

Q. It didn't strike you as remarkable that a gentleman who had just retired from the deputy ministership should turn up immediately as connected with the company?

A. I did not make any inquiries.

Q. It did not surprise you—or were you surprised? Tell us, did you think it was an improper thing?

A. I was not a bit surprised.

Q. Why?

A. Because he was a very clever, capable man.

Q. Do you use that word 'clever' in the ordinary sense, or the American sense?

A. I think he is a good business man.

Q. You were not surprised that he turned up almost immediately in connection with a company having a big contract with the government?

A. No.

Q. Have you any reason whatever to believe that Mr. Smart's connection with the company in some shape had existed before his retirement?

A. No evidence at all of any kind.

Q. You have not made any inquiry on that head?

A. No.

Q. Don't you think, having regard to the fact that you are in charge of that department, it would have been your duty to make some inquiry?

A. In reference to what?

Q. Whether he previous to the time that that letter was received had had any interest in it?

A. I did not make inquiry.

Q. You did not think it was your duty?

A. I had no idea of that, and have not yet.

Q. You have no knowledge, that is what you mean?

A. No.

Q. I do not suppose I have either. Now, do you know anybody else that is con-

nected with the government, or who has been connected with the government or the department, that is also connected with this trading company?

A. No.

Q. You don't know anything at all about it?

A. No.

Q. Did it occur to you when you are asked for information on this question, when you knew that this question was coming up as to payments connected with this trading company that perhaps Mr. Smart could give you the information?

A. It did not occur to me, no. I understood from the Committee on Agriculture that Mr. Smart was summoned to appear there next Wednesday.

Q. I am speaking of your being able to tell this committee?

A. That I should go and acquire the information?

Q. No; that you, being the responsible officer, knowing that certain inquiries are being made you would put yourself in the position to give the information?

A. I did not know anything about the inquiry until last Wednesday I was asked to appear before the committee.

Q. I only asked if you have inquired of Mr. Smart who are his employers, the trading company?

A. I have not asked Mr. Smart, no.

Q. Have you had any personal communication, verbal communication with Mr. Smart at all?

A. Oh, he has been in my office; he drops into the office.

Q. With reference to this?

A. No.

Q. With reference to this account?

A. He speaks of the account and seems to think that we don't pay the company enough.

Q. That is all?

A. Yes.

Q. What is his exact position, do you know, in regard to that trading company?

A. I cannot tell you anything more than what is on the file. The letter appointing him is on the file.

Q. You have never asked him what his connection with it is?

A. I have never asked him personally, no.

Q. Have you ever been at his office?

A. In Montreal?

Q. Yes.

Q. Yes, I was in there once, the other day on my way to Halifax, I dropped in.

Q. What is the office called?

A. The James A. Smart Company.

Q. Not the North Atlantic Trading Company?

A. The James A. Smart Company, I think. It is the same as the letter heading on the file.

By Mr. Foster:

Q. I understood you to say, Mr. Scott, that no accounts were presented to you by this North Atlantic Trading Company?

A. No, sir, they are made up from the manifests.

Q. Then they are made up by whom?

A. By the clerks in our department.

Q. By the department?

A. Yes.

Q. The department has to pay the bill?

A. They pay the bill.

Q. And the department also has to make up the account?

A. From the manifest.

Q. In accordance with the contract?

A. Yes.

Q. Do you in your experience in that department have any other companies, or transactions with any firm or persons in which that is the procedure ?

A. All the British bonuses are paid in the same way. They are made up from the manifest.

Q. They don't produce any account ?

A. They send in a bonus claim—they have since 1st July last when we made a change.

Q. The Allan line sends in a claim ?

A. Not the Allan line, we only pay the agents of the Allan or any other steamship company. They send in a bonus form.

Q. You examine that claim ?

A. With the manifest, yes.

Q. And compare it with the manifest ?

A. If we consider that the booking agent is entitled to be paid on that number of agriculturists, labourers and domestics we would pay on that.

Q. And with reference to all other transactions, so far as they come before you, if the gentlemen or the firm or corporation outside have any claim they make a statement of that claim or otherwise send you in an account ?

A. A bonus form, yes. A great many of these companies are not allowed all they sent in.

Q. This one company does not make any claim or send in an account ?

A. No, they are paid direct from the manifest.

Q. It is in the happy position of having the department, who pays also make up the account?

A. Make up the account.

Q. That is unusual?

A. That is what the contract calls for.

Q. It is in accordance with the contract, but it is unusual to have matters carried on in that way by the department. The usual way is that a claim is made and when you examine the claim you pay according to the result of your examination?

A. Yes.

Q. But in this case ?

A. We make up the account.

Q. You make up that account?

A. Yes.

Q. And you pay it ?

A. Yes.

Q. I did not quite distinctly understand how you satisfied yourself, that is, according to the contract, I understand it—do you understand it that way—that they are not to be paid until they have performed their obligation ?

A. In which way, Mr. Foster ?

Q. They have to make certain expenditure and carry on a certain propaganda?

A. Yes.

Q. If they don't do that you would not consider that they ought to be paid a bonus?

A. It would be a violation of the contract.

Q. What steps have you taken each year to make it certain that they have spent $15,000, for instance, for the purposes shown in the contract?

A. They send us a statement together with vouchers covering their statement.

Q. You get a statement from the company?

A. Of the expenditures, yes.

Q. Signed by whom?

A. I cannot tell you that, it is the North Atlantic Trading Company.

Q. Just the North Atlantic Trading Company?

A. I cannot tell you from memory. I cannot tell you who signed it. I am going to produce it at the Agriculture Committee next Wednesday.

Q. You get a statement from the company that they have spent $15,000?

A. Yes.

Q. Anything else except that they have spent $15,000?

A. They send samples of the literature and copies of the advertisements, and so on.

Q. Accompanied by samples of literature and copies of advertisements?

A. I think so.

Q. And with vouchers?

A. Vouchers from the different printers, vouchers covering their statement of expenditure.

By the Chairman:

Q. What do you mean by vouchers?

A. Receipts—they are stamped.

By Mr. Foster:

Q. Receipts from the printer who prints these things?

A. Yes.

Q. And receipts from whom in the way of advertisements?

A. From the papers, I think.

Q. Are you sure?

A. I think so, yes.

Q. Do you take any steps at all to ascertain whether these vouchers are correct?

A. We take them to be correct, they have every appearance.

Q. You make no examination on that head at all?

A. Nothing further.

Q. You do not satisfy yourself that they have distributed these samples for which they claim they have paid?

A. No.

Q. For all that you know, every page of printing that they claim they have paid for may be lying waste somewhere?

A. For all that I know, yes.

Q. You have never asked?

A. No.

Q. Never made any examination?

A. No.

Q. Now, with reference to the vouchers themselves, did you ever communicate with the firms whose names are signed on these receipts, to find whether they were genuine or not?

A. No.

Q. Never?

A. No.

Q. You simply take the statement put into your hands, you don't go behind it at all?

A. No.

Q. You don't know that a single one of these pamphlets has been circulated?

A. Nothing further than their statement.

Q. Has anything been paid them with reference to that part of their contract under which you are to give them £750 for special work, provided on that special work they spend £1,000, has anything been done in that?

A. That is all covered in the statement of expenditure which includes that £1.000.

Q. Then you pay them £750 each year?

A. Yes.
Q. On the statement made by them that they had spent £1,000?
A. Yes.
Q. Accompanied by vouchers?
A. Yes.
Q. In the same way?
A. Yes.
Q. And you make no inquiry?
A. No.
Q. Simply take the vouchers as correct?
A. Yes.
Q. Do you know anything of the special work for which they declare they have spent £1,000 in Norway, Sweden and Finland?
A. I think, from recollection, it was thought desirable—it was thought that the Swedish people were very desirable people in a country, and extra efforts should be put forward in that direction.
Q. That is the special work detailed in the contract?
A. Yes.
Q. But what I asked you was, have you taken any pains to inquire what kind of special work they did in Norway, Sweden and Finland upon which they claim they spent £1,000?
A. No, I have not.
Q. Not at all?
A. No.
Q. You don't know whether it consisted in personal work or pamphlet work, advertising?
A. No.
Q. Never thought it your duty to inquire?
A. No.
Q. Why?
A. They file a statement showing £1,000 spent, with the vouchers. It is shown in the statement how it is spent.
Q. You never had looked into the vouchers to find if they are genuine ?
A. No.
Q. That is, you have spent £1,000 a year and you have also spent through them $15,000 a year, which was part of their contract as a consideration, and you never have put a man on the track of the trading company these years to find out whether there has been any distribution, any general expenditure such as they have claimed ?
A. I supposed that would go to the High Commissioner's office in London.
Q. Have you done it ?
A. No.
Q. And so far as you know it has never been done ?
A. Not to my knowledge.
Q. Don't you think it is rather a one-sided agreement ?
A. I have no opinion about it at all.
Q. You don't have any opinions ?
A. Not on that.
Q. That is wise?
A. I did not make the agreement you know.
Q. Would you have made such an agreement ?
A. I cannot tell you that.
Q. Do you know what your deputy thinks about it ?
A. I cannot tell you that.
Q. Well, it is pretty nice. It is not yours to comment upon?
A. No.

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Q. There was one other point. How do you satisfy yourself, or do you attempt to satisfy yourself at all, that these immigrants from all these mentioned countries have started or come in as a result of the work of this company ?

A. It would be impossible to find that out.

Q. You never tried it ?

A. No.

Q. You don't think it is necessary under the contract ?

A. I don't think we ever ask an immigrant what induced him to come to the country.

Q. For instance, there is a stream of immigration that is attracted towards Canada, people come from all these different countries. You never seek to infer whether these people come of their own accord or whether it is the result of this company's efforts?

A. No, never.

Q. That is a kind of cinch for the trading company, that it is able to blanket a certain portion of Europe, and your department pays them £1 for every agriculturist and every domestic or labourer, that comes in from those countries irrespective of whether they are the instrument that brings them in or not ?

A. That is the idea.

Q. That is the contract ?

A. Yes.

Q. Do you think you ever pay for travellers who are coming in from these countries?

A. Well, they are very closely examined by our officers. That is one question that they are asked, if they have ever been in Canada before.

Q. It depends on what they say ?

A. It is not always possible to find out.

Q. Do you know whether copies of pamphlets and advertisements and the like of that have been submitted to the department according to the contract before they were issued ?

A. They would not be submitted to me. They would be submitted to the High Commissioner in London, all the continental work is done under the High Commissioner.

Q. Directly or under Mr. Preston ?

A. I do not know. I direct all my correspondence to the High Commissioner's office.

Q. And it goes from him to Mr. Preston ?

A. I presume it does.

Q. Do you know anything about that ?

A. No.

Q. As a matter of fact you don't think they have been submitted here and approved?

A. Not to my knowledge. No.

By Mr. Lemieux:

Q. I would like to ask you about the High Commissioner's relations with Mr. Preston, in London. Is Mr. Preston directly under the control of the High Commissioner in London ?

A. He is, yes.

Q And his officials ?

A. Preston's officials ?

Q. Yes.

A. The whole office is under Mr. Preston.

By Mr. Foster:

Q. Yes, in a way,

A. There is an order in council on file, I think that covers it.

By Hon. Mr. Lemieux:

Q. Anything concerning immigration between your department and the old country, through what channel does it pass ?

A. Through the High Commissioner.

Q. And then he distributes the work amongst the officials you have in London, in Liverpool and Glasgow, Antwerp, and the different European countries, does he not ?

A. I presume he turns it over directly to the Commissioner of Immigration if it is an immigration matter, and the Immigration Commissioner, I suppose, would instruct his agent, wherever he happened to be.

Q. Are you aware, Mr. Scott, that there are certain countries, in fact mostly all countries in Europe, forbid or have some laws enacted against any officials from foreign countries trying to induce people to emigrate?

A. Yes, I understand it is against the law.

Q. It is against the law in most of them.

A. I think all countries except Holland.

By Mr. Hughes (Victoria) :

Q. Officials from foreign countries—would they accept a man from that same country ? I wanted to make that point clear ?

(Mr. Lemieux's question was repeated.)

WITNESS.—It is a fact I think that it is against the law of all countries except Holland to induce people to leave their country; even in France and Belgium, I think it is against the law, although we do certain work there.

By Mr. Lemieux:

Q. You were speaking a minute ago, Mr. Scott, about the immigrants registered on the manifest as farmers. Would you tell the committee if when an immigrant takes the steamer, are there any special advantages to him if he describes himself as being a farmer ?

A. No, there is no advantage.

Q. Has he not certain advantges when he reaches this side of the water with regard to homesteading?

A. None whatever. In fact some of our most successful farmers in the west never worked on a farm in the old country.

Q. Would you state that since that contract exists between your department and the North Atlantic Trading Company there has been an increase in the number of immigrants from Europe?

A. Well, I had a statement prepared for the Agriculture Committee the other day. I can produce that showing the number of immigrants and the countries they came from each year for a number of years.

Q. Have you found the work of that company satisfactory from a departmental point of view?

A. Yes, the increase in immigration from these countries is considerable.

Q. There has been considerable increase?

A. Yes.

Q. With the exception of France and Belgium, I believe this company deals with immigration all over Eruope ?

A. Well, not from all over Europe, they don't touch the southern countries of Europe.

Q. I mean central Europe ?

A. Central and northern Europe.

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Q. So that they are the only agents of the government in immigration matters in central and northern Europe.

A. Central Europe, yes.

Q. Is it not a fact that the bulk of the immigration comes from these countries, comes from that direction, northern Europe and central Europe ?

A. We do get some Italians, but not any great number of them.

Q. But I mean the people, who for instance, settle in the Northwest, on the farms of the Northwest, they come from central Europe and northern Europe ?

A. Yes.

Q. The Italians—

A. Are not agriculturists.

By Mr. Foster:

Q. With reference to the first question, you said, Mr. Scott, that most of the European countries, with the exceptions you had named, had practically prohibited, certainly hindered, immigration work being done for Canada in their country?

A. Yes.

Mr. LEMIEUX.—Not only for Canada; it is against all countries.

By Mr. Foster:

Q. It does exist against Canada—I mean, Canada is included amongst those against whom the prohibition exists. Would you consider that this was a modus operandi by which Canada may be able to get immigration from those countries, solicit them and bring them by evading the known laws of those countries through an agent?

A. Well, I think in their contract they undertake not to break the law in the country.

Q. That is just the point I wanted to bring out. There is a clause in the contract by which they are prohibited from doing anything in contravention of the laws of the country in which they operate; isn't that there?

A. I think it is in the contract.

Mr. BARKER.—Yes, here it is: 'It is further agreed that the company shall not in carrying out their contract with the government act in contravention of the laws of any countries in which it is operating.'

By Mr. Maclean (Lunenburg):

Q. Might not this company undertake to carry on a propaganda? They can circulate literature setting forth that Canada is a desirable place for settlement. That would not be a violation of the continental laws?

A. I cannot say that. I do not know what would constitute a violation of the laws.

By Mr. Hughes (Victoria):

Q. Don't you know what the nature of these provisions is ?

A. No, I only know that the High Commissioner went over once, and I understand that they are going to put him in jail.

By Mr. Foster:

Q. Can you find out for us these provisions?

A. I will try.

By Mr. Sinclair:

Q. You know that they do advertise in the European papers?

A. I get copies of the advertisements, I think.

Q. They must have the right to distribute this information through the press?
A. There is no question about that.

By Mr. Hughes (Victoria):

Q. Have you any of those advertisements?
A. I think we have. I promised to produce all that before the Agriculture Committee. I will have some of them translated.

By Mr. Lennox:

Q. Do you get the newspapers or the clippings?
A. I cannot tell you that. I will produce all I have.
Q. You don't recollect that?
A. No.

By Mr. Geoffrion:

Q. You state that there has been a great increase of immigration in the last few years and since the agreement with that company. Is that not one reason more for you to believe that they have really spent the money for advertising, &c.?
A. Yes.
Q. That is one reason for you to infer that they have really spent the money you have paid them?
A. Yes.
Q. Because of the great increase in immigration since the agreement with that company?
A. Yes.

By Mr. Foster:

Q. Just on that point, did I gather your answer to be that because in the last four years there had been a large increase in immigration into this country from those countries named in the contract, that that increase was due to the active operations of this company?
A. I cannot say what induced a man to immigrate, you know, but certainly we are getting the immigrants.
Q. There are two facts: there are more immigrants, and this company has been paid a large amount of money, but whether one is the cause and the other the consequence you cannot say?
A. It is hard to trace why a man immigrates.

By Mr. Hughes (Victoria):

Q. Have you any idea that immigrants are brought here by friends writing home?
A. No doubt about that.
Q. Have you any knowledge of these men sending any money home to their friends?
A. I stated before the Agriculture Committee the other day from information I had that they had sent something like $1,000,000 through one bank.
Q. In one year.
A. Yes; communicated to their families.

By Mr. Lemieux:

Q. The best immigration agent is the immigrant himself?
A. Not only that, but a great many of these very same people go home to spend the winter in the old country.

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By Mr. Hughes (Victoria) :

Q. How long has the company been in existence?
A. I cannot tell you that. It was in existence when I came to the department.
Q. How long ago was that?
A. Three years.
Q. There were some of those people from Central Europe coming to Canada before that time?
A. Yes, there were some, I remember, away back in 1879.
Q. There were people here from central Europe not brought out by the company?
A. The Mennonites came away back in 1870.

By Mr. Bergeron :

Q. Do you know the president of that company?
A. I stated to the committee before that I don't know any of them.
Q. Nor the secretary?
A. No.
Q. None of them?
A. No.
Q. Do you know who is president of the C. P. R.?
A. I know Mr. McNichol, the vice-president.
Q. You know some of them?
A. Yes.
Q. You don't know the North Atlantic Trading Company?
A. No.

Mr. BERGERON.—I do not know whether we would not be justified in ordering Mr. Scott to find out by telegraphing Lord Strathcona the names of these people composing the North Atlantic Trading Company.

Mr. FOSTER.—There is just this point about that, he has been asked to do so by another committee.

WITNESS.—I was not asked by a committee.

By Mr. Maclean (Lunenburg):

Q. The examination by Mr. Foster as to the mode of settling the accounts, this amount paid per head, leads me to believe that Mr. Foster thinks it is not a proper method or that it is irregular inasmuch as the account is made up by the department. Now, under this contract the Government pays a bonus upon all immigrants of certain classes who arrive from these certain countries?
A. Yes.
Q. Whether their coming can be traced directly to the company or not?
A. Yes.
Q. So therefore there is no other way to make up these accounts except by the government?
A. Not accurately.
Q. And it is done at the department?
A. I do not know how you could make them up accurately any other way.
Q. Do you consider that any other method would be unfair to the department?
A. It would have to be checked; if they did file the accounts it would have to be checked by the agent from the manifest.
Q. The company could not do it?
A. No.
Q. Have you any other organization or individuals that are carrying on this propaganda in these countries except this company?
A. No.

Q. Authorized by the government?
A. None.

By Mr. Hughes (Victoria):

Q. How was it done before the company existed?
A. I think all the correspondence is on these files in reference to continental immigration. I know we have been paying bonuses as far back as 1882.

By Mr. Barker:

Q. In this correspondence it says for sixteen years?
A. I think it goes back as far as 1882.

By Mr. Maclean (Lunenburg):

Q. These are all the vouchers in reference to advertisements which come to your office from the High Commissioners' office?
A. I cannot tell you that. I can find out whether they come through the High Commissioner. They come by express. They are very bulky things.

By Mr. Alcorn:

Q. Does Mr. Smart carry on any other business?
A. I think he is in the ticket business, steamship ticket business and real estate and so on in Montreal.

Witness retired.

Mr. W. W. CORY, Deputy Minister of the Interior Department, recalled.

By Mr. Barker:

Q. The last day that you were examined you were asked if you knew who composed this North Atlantic Trading Co.?
A. Yes.
Q. You said you did not?
A. I did not.
Q. You were asked if you would look among your papers?
A. Yes.
Q. Or otherwise ascertain who they are.
A. Yes.
Q. Have you done so?
A. No, because while I was here, without my knowledge Mr. Scott, who had been examined in another committee had been requested to produce the papers, and when I left the committee here, I then found that the papers were in the custody of the other committee; I knew nothing about it until after I left this committee and so I was unable to get access to them.
Q. Have you made any inquiry to enable you to answer the question that was put to you?
A. No, none whatever.
Q. As to who were the component parts of this trading company?
A. No, sir, none whatever.
Q. That was the question you were going to try and look up?
A. I was going to look over the papers and get what was on file for you; you did not ask me to search anywhere else. I said that all the information would be there,

or it would not be in our department. I was to look through the papers, get whatever information there was and bring it, which I intended to do, but when I went to look for the papers they were in the other committee.

Q. You had not inquired anywhere else?

A. Nowhere else.

Q. You have made no effort?

A. None whatever.

Q. Are you aware that any effort is being made?

A. Not that I am aware of.

Q. To get the information you were asked for?

A. No, I think not.

Q. Nobody that you are aware of was seeking to obtain that information?

A. No, sir.

Q. Mr. Scott was not, to your knowledge, seeking to obtain that information?

A. No, he was not seeking to obtain it.

Q. The names of the people composing this company?

A. Mr. Scott had a memorandum which he brought down the other day, and which he showed to me, I think it was written by Mr. Monk, but there was no order of the committee.

Q. I do not say that, stick to my question. Are you aware if any person was seeking that information?

A. No, sir.

Q. I will ask you about that order in a moment.

A. All right, sir.

Q. Are you aware that any other person was seeking information that we asked you to get?

A. No, sir.

Q. Mr. Scott was not seeking to obtain that information.

A. Not otherwise than the memorandum I spoke about.

Q. Well, was that memorandum for the purpose of getting that information?

A. I think so.

Q. It was?

A. I think so.

Q. Did you assist him to get that in order to give us that information?

A. No, sir, I did not.

Q. Did you prevent him?

A. No, I did not prevent him. When we left the committee here we went over to see the Minister but there were others in who kept the Minister till a very late hour, and it was well on to 1.30 or 2 o'clock before we were able to get to him. I knew that the Minister had his things on ready to go, and although Mr. Scott was waiting to see him I did not think he would see two persons, so I kept that memorandum. It was, as I understood it, for the purpose of having the Minister authorizing the sending of that cablegram. I took it in and submitted it to the Minister and he said: 'Is there an order of the committee.' I said I did not understand that there was any order of the committee, that it was simply a request of a member of the committee for us to send a telegram and that Mr. Scott said he would not send it unless the Minister authorized it, and I told the Minister, that it was for the purpose of seeing whether he wished it to be sent or not. The Minister said: 'The committee have power to send a telegram if they want it, or they have power to order us to send a telegram.'

Q. Are you sure he said that?

A. That is my recollection.

Q. Are you sure that he said: 'If they order it to be sent I will send it.'

A. I cannot remember his exact words, because I was not paying much attention to them, he had his coat on and was going out at the time and I was going out.

Q. And the result was Mr. Scott——

A. —did not send the telegram.

Q. And we are still without that information?

A. As far as I am aware.

Q. Although you knew we were waiting for it, you did not tell the minister we were expecting you to get it?

A. No, I did not tell the minister because it was a matter I was going to attend to myself, not a matter that I was getting his authority for, as if I had the paper I would have produced the information. You did not, as I understand it, ask me to send a cable myself.

Q. No, I asked you to get that information any way you could?

A. I was going to get it from the files of the department.

Q. Have you looked at the papers in the committee room to see if the information was there?

A. No, I did not. I understood I could not get access to the papers while they were in the custody of the other committee.

Q. Having regard to the fact that this committee wanted that information, and evidently the other committee wanted the information, do you not think that the course taken to give us that information, the course taken is a good way of not doing it?

A. No, that was not my intention, which was to do it as soon as I could do so by getting the papers.

Q. Knowing that we were going to meet here to-day?

A. At that time I did not know, this meeting was not called then, and I thought it was not going to be held until next Wednesday. I was going to send my secretary over to see if he could get the files. I got notice yesterday afternoon for this meeting, but it was too late then to send him.

Q. Would not the sending of that cable have assisted you?

A. I did not understand it that way. That was from another committee, and I did not think——

Q. That was the same information?

A. The same information.

Q. Do you think you are really trying to get information for the committee?

A. I was trying to get the information that I understood the committee was asking me for.

Q. The information was precisely the same?

A. I do not know that it was.

Q. Putting the two things together, do you honestly think you were trying to get any information for us?

A. I would have got the information, certainly, if I had the file, exactly the information that you asked me for, if it was on the file.

Q. Had one of your subordinates acted in that way would you have considered he was carrying out your wishes?

A. I would have thought that was a reasonable action for him to take.

Q. No wonder there is delay in getting information from the departments if this is the way of doing business. You said you would try and find any information about this contract?

A. That is what I understood you wanted.

Q. You were under the impression that the negotiations began with Lord Strathcona?

A. That is my impression.

Q. I find on October 20, 1899, a proposition from this Trans-Atlantic Trading Company, of October 20, 1899, No. 285, file 2614 C. That begins this way, it is addressed by the Trading Company to Mr. Preston:

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'In view of our frequent consultations we have the honour to submit the following proposal to the Canadian government.' Yes, it is addressed to Mr. Preston, office of the High Commissioner for Canada, who had charge of that branch?

A. I think I told you I had never seen the documents, but that was my impression of it.

Q. This contains in rough proposition the terms of the contract. That shows that in October, 1899, Mr. Preston was receiving negotiations from these people?

A. As an officer of the High Commissioner, I think——

Q. It was addressed to him individually in the office of the High Commissioner?

A. At that time he was an officer of the High Commissioner.

The CHAIRMAN.—You said the 'Trans-Atlantic Trading Company,' Mr. Barker.

Mr. BARKER.—Yes, they called themselves that at that time, the Trans-Atlantic Company. On October 26, 1899, there is a memorandum dated in the office here?

A. Yes, sir.

Q. 'One of the matters that engaged Mr. Smart's special attention during his visit to the old county was the question of bonuses paid to the booking agents for immigrants, with a view of readjustment so as to meet the competition of other colonies.' Now, I do not intend to read all this through, but that shows that in that year Mr. Smart was in England dealing with that subject?

A. He may have been. I do not know.

Q. You do not recollect if he was?

A. I have no knowledge of where Mr. Smart was in 1899, I was not in the department.

Q. I refer that to you to show how that originated.

A. Yes.

Q. Now, with regard to this matter, here is a letter from Mr. Preston to Mr. Smart, dated October 25, 1899, and it is written from London, and he says: 'As intimated to you in a letter written a week ago, at an interview I had with the High Commissioner on the 17th instant, he expressed anxiety in relation to the suggested legal opinion, about which you will remember I spoke to you, before your departure for Canada. I told him that you were under the impression that this (the contract with this trading company in question), was a question of government policy, and was not one about which there was any occasion for legal advice.'

Lord Strathcona from the correspondence was anxious that negotiations going on might involve Canada in some trouble with continental nations, and was wanting legal advice on that point, and Mr. Preston according to this letter to Mr. Smart, and Mr. Smart, were treating the negotiations as a matter of immigration and government policy, and he says this to explain it ?

A. Yes.

Q. I read that to show you that Lord Strathcona was looking after a different branch of the subject ?

Then Mr. Preston goes on to show he endeavours to meet the wishes of Lord Strathcona, and he went to Mr. Russell's office, and got the opinion which ultimately removed the legal difficulty ?

A. Yes.

Q. Now, here is what Mr. Preston says on the syndicate 'I may say'—This is to Mr. Smart who was at that time in Canada, and Mr. Preston is on the continent—'I may say that the syndicate will have in its membership some of the most experienced booking and immigration agents in Germany, men of responsibility who thoroughly understand all the various phases of continental emigration laws, and who intend to start with a capital of $200,000 to prosecute this work. I might also add that the financial means of the agents in question really represents a very much larger amount.'

Mr. LEMIEUX.—Who writes that?

Mr. BARKER.—This is from Mr. Preston to Mr. Smart. Mr. Preston is impressing on Mr. Smart the importance of these individuals, but I cannot find, so far as I have examined these papers, that anybody has ever asked who they are. They are not a company, they are simply ticketing agents as we call them in this country, booking agents they call them there, and he was showing in order to assure Mr. Smart of their standing, that they had $200,000 capital put up. Well, now, Mr. Cory, can you tell me now, that there is anything showing who these people were or that inquiry was made?

A. No, I have made no inquiry.

By Mr. Barker :

Q. Here is a letter from Mr. Smart on the 17th of October, 1899, to Lord Strathcona: 'I have brought the matter of the continental arrangements to Mr. Sifton's attention and he has expressed his approval of the draft agreement, and as soon as Mr. Preston can get the matter arranged there is no reason why he should not proceed at once to carry it out. Of course when it comes to settling on the terms I presume there are some questions that will arise and details which will have to be settled, but these will, I presume, be reported in due course. I will be very glad to hear from you in regard to the arrangement as to Mr. Preston's duties.'

That is a formal letter addressed to Lord Strathcona, but it simply tells that the proposition for that contract was made to Mr. Preston and forwarded to the department and approved by the department here. I call attention to that because it was supposed that Lord Strathcona was making the arrangements.

Mr. Preston on the 26th of October, 1899, writes a confidential letter to Lord Strathcona, and I shall read a few extracts from it. Mr. Preston in connection with that legal difficulty proposed to come out here and Mr. Smart thought it was not necessary. He then goes on, 'Your Lordship will possibly remember that in a former report (this is dated on the 26th of October) presented to you last May, I had the honour to recommend that the policy heretofore in vogue, on the continent, might be changed with advantage to Canada, and in this connection I suggested that an agreement might possibly be arrived at with persons in the various countries, so that they might work in harmony in promoting emigration to Canada, in so far as they are allowed by the laws in operation in the several countries. The suggested outline of policy appeared to meet with the approval of the department at Ottawa, so that on the occasion of the visit of the Deputy Minister to London a short while ago, it formed one of the subjects for consideration.'

Then he says : 'Owing to the unexpected departure (this is the same letter), of the Deputy Minister a few days earlier than he had intended, a conference on this subject which it was understood would take place on your return to London, was unavoidably prevented. However, I reported to your Lordship in conversation the changes made by Mr. Smart, and he took with him to Ottawa the final draft of the proposed agreement, for the purpose of further considering it and submitting it to the Minister of the Interior, the outcome of which he cabled to your Lordship on the 16th inst.' Then after intimating that the proposals or suggestions were approved 'your Lordship will also remember that an understanding was arrived at previous to Mr. Smart's departure, that a final agreement by your Lordship and the department was intended to be of such a character so that upon receiving an understanding of approval I should have authority to proceed to the continent, and to make arrangements along the lines of the proposals.' Then he deals with the legal question.

'The parties with whom I negotiated on the above lines immediately formed themselves into a syndicate; they engaging while conforming to the laws in all the countries where the laws are restrictive as also in those where no restrictions exist, to do all in their power to promote emigration to Canada. Just here, I might add for your Lordship's information, as also for the Department of the Interior, that it is intended,—subject of course to submitting the arrangements to the department, that the work of this syndicate will likely assume a wider phase than simply further-

ing emigration to Canada on the lines presented in the agreement. The parties concerned are all men with means at their disposal, and entertain the idea that it may be possible to enter into arrangements with intending emigrants who have not the amount of money at their disposal called for in the agreement, to advance the necessary funds at a reasonable rate of interest, they taking a lien upon their holdings, or locations, until the principal is paid. It will not be out of place for me just here to refer to the extensive character of the work that the syndicate in question intend to carry out.' Then he goes on to refer to the work in the various countries.

Mr. LEMIEUX.—What is the date of that letter?

Mr. BARKER.—26th October, 1899. I am referring to this to show the origin of this agreement.

'I would also point out to the attention of your lordship that for sixteen years the government of Canada have paid a bonus to booking agents on emigrants from all the countries embraced in the provisional agreement referred to. There have been conflicts between the booking agents as to whose firm was entitled to the bonus upon certain emigrants from time to time, and the decisions of the department have not always been received with good grace by the disappointed claimants for the bonus money, so that all the opportunity has been offered under the plan that has been in vogue for many years, to prompt rival agents setting supposed laws in motion against those whom they might have desired to have punished by the authorities;' or to 'direct the attention of the European governments to the policy pursued by the Canadian government.' Then he goes on there with the legal question again; I need not read that; he refers to counsel's opinion—all the rest of it refers to the legal question.

Mr. MACLEAN (Lunenburg).—What is the number of that file?

Mr. BARKER.—253 of 2614 C.

Then following out this contract there is a notice given by Mr. Colmer, of Lord Strathcona's office, on the 31st October, 1899, in these words: It is addressed to the various booking agents that have been working for the government before then.

'I am instructed to notify you that the policy heretofore in operation for the payment of a bonus on continental emigrants to Manitoba and the Northwest Territories is suspended for the present.'

Then this is addressed to the government agent, telling him it will be necessary to send that notice to Hamburg, Bremen, Rotterdam, Amsterdam, Antwerp and Berlin, suspending all arrangements with their men.

Well, now, Mr. Cory, my object in reading that is to show you just about where these negotiations began. I would like to know whether you are able to tell us how we can get information as to who these people are. You are the deputy minister?

A. I do not know, unless you can get in from the High Commissioner, or from the company themselves.

Q. Is there no officer of your department who can give us that information?

A. I think not. I never heard of it, and never heard of any officer that has the information.

Mr. MACLEAN (Lunenburg).—Is it worth while finding out? Is there any particular reason why we should know?

Mr. BARKER.—Yes; we would like to know all that have been interested in that money which has been expended, from first to last.

Mr. MACLEAN (Lunenburg).—Why?

Mr. BARKER.—I want to know it as a matter of inquiry into these accounts.

Mr. MACLEAN (Lunenburg).—It does not matter, I think, much what one man may want. The question is: Does the committee want to know?

Mr. FOSTER.—Do you not want to know?

Mr. MACLEAN (Lunenburg).—Nobody is particularly anxious, I think. The only thing that concerns me is if this contract is a good contract, and if it has been fully executed by the parties.

By Mr. Barker :

Q. Is there any one you correspond with that can give us the information ?

The WITNESS.—Not that I know of.

Q. Do you know any person formerly connected with your department who now represents these people ?

A. Mr. Smart, I understand, is representing them.

Q. Do you not think he could give you that information ?

A. He might.

Q. You have not asked him ?

A. I have not asked him.

Q. Can you tell me when he first became connected with it ?

A. No, I cannot.

Q. I suppose it would be about the time you became Deputy Minister, would it not?

A. No, I do not understand that Mr. Smart had any connection with them until some considerable time after he left the department.

Q. How did you know he had become connected with the company ?

A. I understand we were notified they had appointed him their agent.

Q. Do you not remember when that was ?

A. No, I think the letter is on file there.

Q. Did it not strike you, as Deputy Minister, singular that your predecessor in that office should become the representative of this firm ?

A. No, because he had gone into that business, the general booking business, and I suppose he was the agent for a number of companies doing the same class of business.

Q. It did not strike you as singular that your predecessor should become the agent of that company?

A. No, it did not strike me as singular.

Q. Did you call the minister's attention to it ?

A. No.

Q. You never spoke to him about it ?

A. I have no recollection of speaking to him about it.

Q. Did the minister ever speak to you about it ?

A. Not that I am aware of.

Q. Have you had any correspondence with Mr. Smart relating to this contract since he left ?

A. On one point only; he was not satisfied with the way we were getting our information, he thought we were not asking the proper questions, and wanted the right, as the representative of the company, to put an agent at the port to stand by and verify our examination. I did not accede to that and nothing was done.

Q. That was that he wanted you to have a better check on it ?

A. No, I did not understand that. He wanted to have a representative of the company present to verify our checking of their people. I did not think it was desirable and did not accede to his request and the matter ended there.

Q. He did not consider that necessary when he was Deputy Minister ?

A. Not that I am aware of.

Q. Was there such an official of the company there at that time ?

A. Not that I heard of ; I never heard of it if there was.

Q. But when you came in he wanted it for the company ?

A. Yes; that is a matter I think of two months or a month and a half ago.

Q. Is that the only correspondence you have had with Mr. Smart since he was deputy ?

A. On this matter ?

Q. Do you know with whom the correspondence took place in sending remittances or things of that kind ?

A. I fancy that is done by the secretary of the department.

Q. I mean, supposing you were sending a cheque or anything of that kind, or there is a voucher to be signed ?

A. They have been paid in different ways, sometimes they are paid by letter of credit cheque to the High Commissioner and afterwards I think their cheques were made out and transmitted direct to their office, either in Amsterdam or some other place.

Q. You have never looked to see with whom the correspondence was ?

A. No, I have never looked to see. I understand that the cheques were sent when we had satisfied ourselves that there was a certain amount of money coming to them.

Q. But you never closed the account ?

A. I understood not.

Q. You paid them a round sum on account that you thought you were safe in paying and that went through the High Commissioner ?

A. Yes.

Q. I am speaking now since you closed your account. How many payments have been made since you closed up ?

A. I could not tell you without looking into the matter. As a matter of fact—

Q. You do not know whether cheques have been sent to Mr. Smart or not ?

A. I do not know without looking into it. It may have been sent to Mr. Smart as their Canadian agent, but I am satisfied the cheque will be made out to the North Atlantic Trading Company.

Q. That is your impression ?

A. Yes.

Q. But you do not know one way or the other ?

A. No, but that is my impression. I think I would have heard if they had done so.

Witness retired.

Committee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
THURSDAY, April 19, 1906.

The Select Standing Committee of the House of Commons on Public Accounts met this day at 10.30 o'clock, a.m., Mr. Belcourt in the Chair, and proceeded to the further consideration of the accounts of the North Atlantic Trading Company, as set out at L—26 of the Report of the Auditor General for the fiscal year ended June 30, 1905.

Mr. FOSTER.—At the last meeting of the committee a cablegram was ordered to be sent to Lord Strathcona asking for certain information respecting the North Atlantic Trading Company. Has that telegram been sent, and if so, what answer has been received ?

The CLERK.—On the 6th of April I sent the following letter :—

'W. W. CORY, Esq.,

'SIR,—I have the honour of informing you that at a meeting of the Committee on Public Accounts, held this morning in their room in the House of Commons, the following order of the committee was adopted: "That the Department of the Interior be ordered, by the Public Accounts Committee, to cable to Lord Strathcona, in London, England, to ascertain who are the agents composing the company called the North Atlantic Trading Company, if they are a body corporate, where incorporated, where is their place of business, and who are their officers, and to please answer immediately."

'Your obedient servant,

'THOMAS S. HOWE.'

Mr. W. W. CORY, Deputy Minister of Interior, was recalled.

By Mr. Foster :

Q. Have the wires been working since the 6th of April ?
A. Yes, sir, I think so.
Q. What success have you had in getting an answer ?
A. Well, I received a notice which Mr. Howe has just read and I sent the following cable on the same day :

'OTTAWA, April 7, 1906.

'Dominion,
'London, England.

'This department has been ordered by the Public Accounts Committee of the House of Commons to cable you the following : "To ascertain who are the gentlemen composing the company called the North Atlantic Trading Company, if they are a body corporate, where incorporated, where is their place of business and who are their officers, and to please answer immediately."

'(Sgd.) P. G. KEYES,
'Secretary, Dept. of Interior.'

I had acknowledgment of that as follows :

'Cable 7th received Sunday. Information so far as ascertainable will be cabled to-morrow.

'(Sgd.) STRATHCONA.'

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I received this cablegram either on the 11th or 12th :

'Your cable 7th instant. The persons named as subscribers to the memorandum and articles of association of the North Atlantic Trading Company, Limited, and holding one share each are : Edward Sainsbury, 8 and 9 Newcastle Street, Strand, London, hotel proprietor; Alfred Hindley Alexander, 7 Sutton Court Road, Cheswick, engineer; John Alfred Randall, 347 High Road, Cheswick, articled clerk; George Thomas Hide Downey, 27 Palewell Park, East Sheen, S.W., solicitor's clerk; Henry James Whitman, 277 High Road, Cheswick, builder; John Henry Stephens Thompson, Lynwood Ave., Epsom, chartered secretary; Charles Guy Underwood, 36 Willcott Road, Acton, solicitor's clerk. Solicitor to the company, E. A. Alexander, 37 and 39 Essex Street, Strand, W.C. Capital of company, £3,000 in 300 shares of £10 each. Am endeavouring to get list of shareholders and amount actually subscribed and paid up. The company incorporated in Island of Guernsey as North Atlantic Trading Company, Limited, registered 3rd June, 1905, and certificate registration dated Greffe, Guernsey, 14th June, 1905. Memorandum of association, states registered office company situate Island of Guernsey. Director, J. Gluck; managing director, H. Pheifel; secretary, N. Kohan. Business office, 92 Damrack, Amsterdam. Memorandum Association will be mailed *Campania*, 14th.

'(Sgd.) STRATHCONA.'

Mr. JAMES A. SMART, called and sworn and examined.

By Mr. Barker :

Q. Mr. Smart, are you the late Deputy Minister of the Interior ?

A. Yes.

Q. Will you tell us when you entered the Civil Service, in what capacity, and how long you remained ?

A. I first was employed by the government on January 1, 1897 ; I became Deputy Minister of the Interior on April 1, 1897, and I ceased to be Deputy Minister on December 31, 1904.

Q. During the period that you were Deputy Minister had you charge of immigration matters ?

A. Very largely, yes.

Q. Very largely ? Under the minister you were the chief officer, I suppose ?

A. Yes.

Q. And those who had anything to do with that department were sent to you ?

A. They were, yes.

Q. What was Mr. W. T. R. Preston's position ?

A. Inspector of European agencies, he was called.

Q. You had better begin about when he started?

A. I think he began, I am not certain, in 1898. About the beginning of 1898, I think it was. He was then sent over to the old country to be Inspector of Emigration Agencies for the British isles and for the continent of Europe. At that time of course we had no agencies in Europe at all, but he was directed, if I remember correctly, to visit every part of Europe, to see what could be done in the way of promoting emigration.

Q. I only want the information very generally ?

A. That is what I say, those were his duties.

Q. Now, Mr. Smart, we have been trying to get at the origin of the 1899 agreement with the North Atlantic Trading Company and all those that followed it. I find in the papers produced a confidential letter of the 26th October, 1899, from Mr. Preston to Lord Strathcona. Mr. Preston says on page 262 of the papers : 'I would also point out to the attention of your Lordship that for sixteen years the government of Canada

have paid a bonus to booking agents on emigrants from all the countries embraced in the provisional agreement referred to. There have been conflicts between booking agents as to whose firm was entitled to the bonus upon certain emigrants from time to time, and the decisions of the department have not always been received with good grace by the disappointed claimants for the bonus money, so that all the opportunity has been offered under the plan that has been in vogue for many years, to prompt rival agents setting supposed laws in motion against those whom they might have desired to have punished by the authorities, or to "direct the attention of the European governments to the policy pursued by the Canadian government," as Mr. Knox fears might be done under the agreement considered by him, and yet none of these "lions in the path" have been found.'

Is that correct, that statement he made to Lord Strathcona as to our having a system in vogue for sixteen years prior to 1899 ?

A. There was a system of paying bonuses on the continent prior to 1899.

Q. For a number of years ?

Q. For a great many years.

Q. Now, Mr. Smart, will you tell us when the negotiations for the new arrangement that was practically concluded in 1899, began ?

A. I cannot tell you when they began except that Mr. Preston had a consultation with a number of people on the continent and I was in England that summer and——

By Mr. Foster:

Q. What summer ?

A. The summer of 1899 or rather the autumn, the last of the summer.

By Mr. Barker :

Q. It would simplify matters if I read from that same letter of October 26, 1899, page 253 : 'Your Lordship will possibly remember that in a former report I presented to you last May, I had the honour to recommend that the policy heretofore in vogue on the continent might be changed with advantage to Canada. And in this connection I suggested that an agreement might possibly be arrived at with persons in the various countries, so that they might work in harmony in promoting emigration to Canada in so far as they are allowed by the laws in operation in the several countries.' That I suppose is substantially correct ?

A. There is no doubt that is practically what he told me.

Q. Then there had been a report in May, 1899, from Mr. Preston recommending——

A. Well, I do not know that I could answer that but I know that when I was there Mr. Preston made practically a similar statement to me with regard to the whole business.

Q. You have no doubt that is true, I suppose ?

A. I have no doubt it is true.

Q. Did you concur in those negotiations and approve them ?

A. Yes. In consultation with Mr. Preston I prepared myself the first form of agreement which was used, I think, so that he could submit it to the people on the continent to see if they were prepared to carry out such an arrangement.

Q. Were those discussions between you and Mr. Preston verbal or in writing ?

A. They were verbal of course.

Q. Here ?

A. In the old country.

Q. What time did you go over in 1899 ?

A. I went over in the latter days of August, or it must have been in September when we were discussing it.

Q. May I ask now what the object of your visit was ?

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A. Generally in the interest of emigration so that I could understand something of the conditions on the other side. I had never been there before.

Q. Mr. Preston had been there in May ?

A. I had forgotten that. I know he did visit the continent, in fact probably every part of it.

Q. Well, then when you went over in August was it for the purpose of discussing this same arrangement with Mr. Preston ?

A. Partly, of course ; everything in general. I will not say particularly that because I do not remember, it is so long ago.

Q. I think there is no doubt about that ?

A. Oh, I think that is correct.

Q. And you did discuss the matter with him ?

A. Yes, we discussed that very question.

Q. Did you see the gentlemen he had been negotiating with ?

A. No.

Q. None of them ?

A. None of them.

Q. How long did you remain there, Mr. Smart ?

A. On the other side ? I think I was perhaps four or five weeks altogether. It may have been longer, I am not just certain now, but I was not there very long.

Q. Well, in the time you were there did you discuss this matter with Mr. Preston ?

A. Yes, the whole question of continental emigration.

Q. And you did not see any of the gentlemen with whom he had been in negotiation ?

A. No.

Q. Do you recollect how it happened you did not see them ?

A. Well, no, I really cannot remember any reason why I did not see them, excepting that they were not in London and I did not go to any part of the continent excepting Paris during that time.

Q. Well, did you ascertain from Mr. Preston ?

A. I beg pardon. I went through to Belgium as well. I think we had an agent at Belgium at that time. I was mistaken in saying we had not any agent.

Q. Did you ascertain from Mr. Preston who and what they were ?

A. Yes. He explained to me that the people who were behind the arrangement that he thought well to make were very responsible people. They were in fact amongst the very largest, if not the largest people, engaged in the steamship business at that time on the continent.

Q. You mean steamship owners ?

A. No, no, not steamship owners.

Q. Ticket agents ?

A. Or what they call booking agents ?

Q. Or what we call ticket agents ?

A. Well, they are a little different from what they would be here. There is nothing here of the same kind. The booking firm in the old country has its general agency with local agents scattered throughout the country in which they are operating, in fact numbers of countries. They are all licensed to carry on the business and they are subject to certain regulations.

Q. I was referring more particularly to the word 'booking' ?

A. They are really ticket agents on a large scale, most of them.

Q. What we would call here 'ticket agents,' although they might be on a large or on a small scale ?

A. I know, that is right.

Q. You did not see any of those at all ?

A. No. I remember him telling me the names of some gentlemen connected with it. Of course I did not know them at all, I never heard of them before. He explained the

whole situation as it appeared to him and what was best to be done. I might say that in drawing up this thing I wanted to make the very best bargain I could for the country. We were looking for immigrants at the time and I provided in the arrangement, if you will notice it, for samller amounts for smaller numbers, and we increased the amounts as the numbers increased.

Q. I see that on October 20, 1899, the Trans-Atlantic Trading Company——

A. That is what it was called then.

Q. They had already adopted this title ?

A. Yes.

Q. They addressed a letter to Mr. Preston in which they say : 'In view of our frequent consultations we have the honour to submit the following proposal to the Canadian government.' That is October 20, 1899. That must have been very shortly after you left over there, Mr. Smart ?

A. I presume, yes, I returned in October.

Q. In October, that is about right. Mr. Preston must have been very nearly at one with them while you were there ?

A. Yes, I think he was well acquainted with some of the leading men at any rate.

Q. And I suppose while you were there he was in a position to tell you practically what the conditions were likely to be ?

A. Yes.

Q. So that you and he concurred, generally speaking, in what was going on and what was ultimately carried out.

A. Well, of course Mr. Preston did not say anything as to what kind of an arrangement could be made. I remember that very distinctly. I took that upon my own hands to say just about what kind of an arrangement I thought would be satisfactory. I hedged it about I thought as well as I could with conditions.

Q. Still in a general way the arrangement was afterwards carried out ?

A. Yes, they made a proposition at any rate based upon my suggestion.

Q. I see on the 4th November Mr. Preston writes to this trading company, that is the Trans-Atlantic Trading Company, 'I have the honour to acknowledge the receipt of your letter of the 20th ult., and have carefully noted its contents.

'In this connection I may say that in view of the several conferences I have had on this question in the course of the past four or five months with representatives of your then proposed company the possible outcome of which I duly submitted in the form of a recommendation for the consideration of the High Commissioner of Canada and the Minister of the Interior at Ottawa who is charged with the administration of the Department of Immigration'——Now, there seems to be in those two letters the real beginning in a formal manner of these negotiations ?

A. Yes.

Q. The preliminary discussions had gone on for several months, you had gone over to England and taken part so far as conferring with Mr. Preston ?

A. Yes.

Q. And this bargain you say was largely your own suggestion ?

A. Well, the suggestion at the beginning was mine. I know I suggested the terms.

Q. I asked that simply to get at how this originated and we have got it pretty fairly now. I find on the 26th October, 1899, a memorandum in the department here unsigned, simply an official memorandum which begins in this way : 'One of the matters that engaged Mr. Smart's special attention during his visit to the old country was the question of bonuses to the booking agents for immigrants with a view of readjustment so as to meet the competition of other colonies.' Then you go on with other matters and you say : 'It is expected by a rearrangement of the commission that this competition will be met and the agents will be put in as equally good a position by selling tickets to Canada as the other colonies.'

A. That refers altogether to the British isles.

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Q. Evidently this is a sort of memorandum of what you have been doing ?

A. I suppose so, yes.

Q. And it shows you were over on immigration matters?

A. Yes.

Q. In fact I suppose that was really the thing you went over for ?

A. That was the main thing. That was the whole thing, the whole business I had.

Q. Now, on the 23rd October, 1899, Mr. Preston writes to you and I will read a paragraph of the communication because it seems a little odd that he should have been so particular : 'I may say that the syndicate will have in its number some of the most experienced booking and emigrant agents in Germany, men of responsibility and thorough understanding of the various phases of continental emigration laws, and who intend to start with a capital of $200,000 to prosecute this work. I might also add that the financial means of the agents in question really represents a very much larger amount.' When you were over there did you make any inquiry of Mr. Preston at all with any particularity as to who these people were ?

A. No, he reported to me just exactly what I have since found out is correct as to their standing.

Q. But you, as Deputy Minister, were putting in the hands of this syndicate the absolute control for a number of years of the emigration from Europe to Canada?

A. Yes.

Q. Did you make any inquiry as to the class of people ?

A. I did not think it was necessary to make inquiry when the inspector himself would report as to their position.

Q. You just simply took his word ?

A. I had to take his word of course.

Q. You did not think it even necessary—

A. I might have inquired of course if I had gone to the continent.

Q. Sometimes it might be essential you know to ask your own subordinate who the men are ?

A. I dare say. I think he mentioned some of the names, and I suppose when he mentioned them he reported with regard to them that they were very responsible people, people we could very well afford to be connected with.

Q. You think he did tell you that ?

A. I am sure he did.

Q. As to all of them in all the countries ?

A. I cannot say. I cannot say he gave me every name, but the understanding was that they would be representatives in different countries, at different points.

Q. That I would expect. And did you ask him as to each country, as to Belgium, as to Germany, as to Roumania, as to Galicia, and all those countries ?

A. No I did not.

Q. You did not ?

A. No, I did not, at least I do not remember that I did.

Q. That, Mr. Preston had pretty well in his own hands, I suppose ?

A. Yes.

Q. Have you ever since obtained their names ? I mean for the department ?

A. You speak of the real people that I am speaking of here ?

Q. Yes, the syndicate.

A. Yes, I knew some of them because I visited the continent later on. Some of the names—

Q. My question is this : Did you ever, while you were deputy minister, or did anybody during that time to your knowledge, obtain for the department the names of the individuals who composed this syndicate?

A. I do not think so.

Q. And you were there from 189? to 1904?

A. Yes.

Q. During all that time you had no record ?

A. There was no official record, no.

Q. No official record ?

A. No.

Q. Well, what other record ?

A. Well, there was no record as a matter of fact, no original statement as to their names.

Q. Who were the officials?

A. I beg pardon?

Q. Who were the officials? With whom did you correspond?

A. We corresponded with the North Atlantic Trading Company directly.

Q. Where ?

A. At Amsterdam.

Q. The post office address ?

A. No, their street address, I think there was a street address. Damrack, Amsterdam, Holland.

Q. Have you ever been in Amsterdam since this arrangement ?

A. Yes.

Q. Did you go to their office ?

A. I did.

Q. What did you find there ?

A. I did not find anything, at least I simply found the office was locked up when I was there.

Q. Was it on a business street ?

A. Yes, sir.

Q. The ground floor ?

A. No.

Q. Upstairs ?

A. Upstairs.

Q. First, or second or third floor ?

A. I cannot say, I think it was the first floor.

Q. Above the ground floor ? And what was it—a room ?

A. An office, yes.

Q. An ordinary office upstairs appeared to be occupied ? Was there a name on the door ?

A. Yes, the name was on the door.

Q. What did they call it ?

A. The North Atlantic Trading Company.

Q. Did you make any inquiry of the neighbours ?

A. Yes.

Q. What did they say ?

A. They said that the correspondence came there. Some one, they said, I do not remember who, came there and the place was visited quite often. It was visited by some person they did not know.

Q. Who took the letters ?

A. I suppose.

Q. Took them away ?

A. Yes.

Q. I suppose in so important a matter that would occur very frequently ? They might have cabled for example ?

A. Yes, I suppose they did.

Q. But the business did not appear as far as you saw ?

A. It was only an address, that is all.

Q. Just an address ?

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A. And of course they had this office. I may say, however, in connection with it since then I know that a very large booking office was connected with this company so that perhaps they were the ones who looked after it. I do not know that myself of my own knowledge though.

Q. Did you discuss this matter with Mr. Preston or anybody ?

A. Afterwards ?

Q. When you found such a queer headquarters ?

A. I went expressly to see myself about the headquarters. That was in the winter of 1904.

By Mr. Foster :

Q. The beginning of what ?

A. The early part of the winter of 1904, February or March, I think, I made up my mind to go and see what they really had as to their office.

By Mr. Barker :

Q. What was it made you so curious ?

A. I do not know what it was. I wanted to see as to what the address meant, that is all. I knew then, and I was perfectly satisfied that they did not carry on an open business. They did not want to do that and it was not intended that they should.

Q. Well, finding that this was a mere pretense did you pursue your inquiry further at Amsterdam ?

A. No.

Q. You did not go to this ticket office ?

A. No, I did not go there. I did not know anything about that at that time.

Q. Did you make any further inquiry at that time ?

A. No.

Q. Or at any time ?

A. No.

Q. Did you discuss it with anybody afterwards ?

A. The office ?

Q. The subject ?

A. I do not think so. I do not remember that I did. I may have discussed it, but I cannot say now.

Q. Neither in London nor anywhere else with Mr. Preston?

A. No.

Q. With the minister or anybody else that you knew ?

A. I do not remember. It may be well for me to explain the position so that the committee will understand it. The North Atlantic Trading Company was simply a name. It is simply a name, and as I heard this morning they have an English organization now. I always assumed they had a Holland incorporation because I think in the agreements we entered into it was set forth that the company itself was incorporated in Holland.

Q. Did you mean to say that any of the papers said that ?

A. I think so. I think the orders in council do, the orders in council approving of the arrangement. But I knew that the company name was simply an organization with which the government of Canada were dealing ; that it did not itself represent anything particularly excepting that it was formed of men and the institution belonged to these people that we have spoken of, these large offices. It was simply the name, it was the medium through which the government dealt with these people.

Q. I see his letter is dated May, 1902, and nearly three years afterwards it has been in operation ?

A. Yes.

Q. In the order in council it is called 'an organization known as the North Atlantic Trading Company composed of certain leading representative continental agents having its headquarters at Amsterdam, in the Kingdom of Holland'?

A. Yes.

Q. That is the order in council?

A. Well, I might have been mistaken.

Q. Well, it was all that time, at all events two or three years, simply an organization of certain agents?

A. Yes.

Q. Who were in the business?

A. That is what it was. Yes.

Q. Well, was it after this arrangement was made in October or November, 1899, that Mr. Preston was made Inspector General of Immigration in all Europe?

A. No, I think it was before that. I cannot remember. I would not be positive but I think it was when he first went over.

Q. He asked to be given full control in a letter to you reporting these proceedings? I will find that presently.

A. I do not remember that, no.

Q. Now the moment that arrangement was made notice was given dismissing all the old agents, was it not?

A. I presume so.

Q. On the 31st October, 1899, Mr. Colmer—

A. That is Lord Strathcona's former secretary, the High Commissioner's secretary.

Q. He writes to the Canada Government Agency in Liverpool, and I suppose similar letters were sent elsewhere, 'I am instructed to notify you that the policy heretofore in operation for the payment of a bonus on continental emigrants from Manitoba and the Northwest Territories is suspended'—

A. Well, I might explain that the business on the continent at that time was carried on through the Liverpool office, and Mr. John Dyke was in charge, so that he would notify Mr. Dyke's office and Mr. Dyke would notify the agencies on the continent.

Q. I am not saying there is anything wrong in that?

A. No, but I wanted to explain that, the reason for their writing to Liverpool, so that the committee would understand it.

Q. Now, Mr. Smart, can you tell me whether the same individuals composed this organization from first to last?

A. I cannot, no, I think they were.

Q. You do not know whether they were?

A. I could not positively state that.

Q. Not knowing who they were?

A. I do not know the individuals themselves.

Q. I suppose ticket agents like other people change their position?

A. Yes.

Q. And a man who is in one year might not necessarily be in the next?

A. In fact, I know of one case. Mr. Preston told me of one of the largest of these agents, who has since died, one of the leading men.

Q. Somebody else took his place, I suppose?

A. Somebody else took his place, I suppose.

Q. Changes would occur occasionally? They would be shuffling in and out as a man would be dismissed or would go to other parts of the world?

A. I suppose so.

Q. There was no check upon that?

A. No.

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Q. The men with whom communication was made in 1899 might happen to disappear and others would take their places ?

A. Oh, very likely, yes.

Q. Do you know whether there was any inquiry made by the department as to who composed these different syndicates ?

A. No, never.

Q. I suppose this was very well advertised, was it not, in all these countries telling how the emigration was arranged to Canada ?

A. In all the countries ?

Q. Roumania, Galicia, all those countries.

A. Oh, no.

Q. It was not ?

A. No. There would have been an end to them had we started advertising it.

Q. How then did they reach the public ?

A. These people, the syndicate, at least the North Atlantic Trading Company ?

Q. Yes.

A. Their whole business is done through issuing booklets, descriptive booklets of Canada, sent out I think under the names of booking agents. I am not certain of that in every case.

Q. Something like we call folders in this country?

A. Yes, like a folder. A small booklet that would go in an ordinary sized envelope, and these were always sent through the mail to persons in the districts who presumably were people talking of leaving. That was one means. These would be sent from outside of the country where the people were located, from one country to the other. Then they advertised in certain papers where they could put in advertisements, and in addition to that they had a large number of travelling agents. I think in one place they issued a newspaper themselves, which presumably was not an emigration publication but the object of which was to promote emigration to Canada. I remember on one occasion of somebody telling me that in this particular case their issues would run up to the 100,000 copies and then these were sent broadcast, I suppose, into the same districts.

Q. These important men did not travel through the country ?

A. Oh, no, not the men themselves.

Q. They established themselves at Amsterdam or at some of the important ports ?

A. The different ports.

Q. Mr. Preston I suppose went through the country?

A. Well, I do not know that he travelled as much after that. I do not think so.

Q. I think his letters seemed to show that he went to Germany, Austria and other countries ?

A. He travelled. One part of his duty was to see if they were carrying on their operations.

Q. He is a well known man, I suppose, representing the Dominion ?

A. He is here. I do not know whether he is over there.

Q. Is he not well known over there ?

A. I do not know. I do not suppose he is known at all.

Q. I should have thought that Mr. Preston, occupying so important a position, would be known especially in countries that objected to emigration ?

A. No, he is known better in the old country where he is advertised as the representative of the Canadian government. He is not advertised on the continent at all.

Q. Thousands of emigrants were leaving those countries for Canada ?

A. Yes.

Q. I suppose the governments over there are anxious to keep their people ?

A. They are.

Q. They would know pretty well what was going on in Canada and elsewhere ?

A. With regard to this matter ?

Q. Where these thousands of Doukhobors and Galicians were going ?

A. In regard to that large number of Doukhobors coming to Canada the Russian government knew of the movement. Generally speaking, I think they kept track. I know they do in Switzerland where I visited myself.

Q. They do not take much interest in it I suppose ?

A. If they were coming to Canada they would know.

Q. Were they very hostile to that ?

A. There are restrictive laws in those countries. Of course they cannot make a law to compel the people to stay in the country. If they want to leave they can leave.

Q. Well, did Mr. Preston have to go around Europe in disguise ? Was he looked upon as some man who would be arrested if he were known to be engaged in this business ?

A. Yes, I think he would be arrested if he were known to be engaged in this business.

Q. I suppose when he went from one place to another his steps were carefully concealed ?

A. A man does not need to conceal himself very much because there are so many Americans travelling and English people that a man would not easily be picked out.

Q. In some of these countries people cannot leave town without the police knowing their record ?

A. I do not think that is the case in some of those countries. I understand that in Russia you have to get a passport to travel.

Q. Now do you think that Mr. Preston as representing the Dominion of Canada in undertaking to get people out of those countries would have the slightest difficulty in going around publicly ?

A. Yes, he would not have been allowed if it was known what was the nature of his business.

Q. He would have been arrested ?

A. I am sure he would. I will tell you why. Mr. John Dyke tried to do the same thing. John Dyke went to Hamburg with the idea of turning the attention of the Germans to Canada and he was in jail for six months.

Q. He got the iron hand, eh ?

A. Yes, he did.

Q. From the Emperor ?

A. Of course he was given his liberty.

Q. Do you really believe, Mr. Smart, that these enterprising booking agents were afraid too ?

A. Certainly, these enterprising booking agents with all the years of experience they have had in booking passengers all over the world would know what means to adopt to get people. That is what we thought and that is what I thought always, rather than the Canadian government agents who knew nothing about the conditions in those countries.

Q. Was it not Lord Strathcona that raised the difficulty that the Canadian government might get into a little trouble by publicly working this way or was it the agents who were afraid of arrest ?

A. I do not remember that.

Q. Did not Lord Strathcona raise the legal point and consult the Dominion solicitors over there ?

A. I do not remember.

Q. Was that not really a point made that Lord Strathcona having charge of our government institutions over there—

A. Oh, there was. Lord Strathcona went with Mr. Colmer to Hamburg and while there I understand consulted the agents. On his return to England there was some correspondence between the government of Germany and the Colonial Secretary of Eng-

land, who at that time, I think, was Lord Salisbury. Lord Strathcona assured Lord Salisbury that he was not doing any emigration work.

Q. As a result of this you entered into an agreement with these people ?

A. That is the reason they were given the work.

Q. But you did enter into the agreement knowing of these difficulties ?

A. Yes.

Q. And that was after Lord Strathcona raised the point whether the agreement ought to be entered into.

A. I do not remember whether Lord Strathcona raised that point at all.

Q. Do you not remember the correspondence with Mr. Preston ?

A. With regard to Lord Strathcona ?

Q. With regard to that legal point, and that he should personally come out here to remove the difficulty ?

A. No, I do not remember that.

Q. I see there was some suggestion about abandoning the agreement if you disclosed the names of those agents ?

A. The company wrote me and said that if the government insisted on knowing the names of those behind the arrangements they would ask rather that the whole agreement be cancelled, because it would cause very serious difficulties for those agents.

Q. Did they suggest that having gone on, and having been doing these presumably illegal acts for five years, if they stopped now they would not be responsible ?

A. They did not say they had done any illegal acts.

Q. But their stopping the agreement will not relieve them of any responsibility ?

A. For what they have done ?

Q. Yes ?

A. No, of course not.

Q. So that one does not see exactly how they are going to gain by stopping the agreement now, as the company want to?

A. No, no, they do not say that. They do not want to stop the agreement, or to stop business.

Q. Then why do they say anything about it ?

A. Because practically everything that occurs in the House of Commons, or in the committees is cabled over to the other side, and last year particularly there was a great deal said and certain things appeared in the German press, I think largely through the Reuter Cable Dispatch people, I suppose they thought it was of interest to the continental people to know what was being done here.

Q. Can you suggest that they would be in any better position by stopping work, as regards prosecution for what has been going on for the past five years ?

A. No, but they would not be known. If they have been acting illegally, I suppose they can be prosecuted at any time.

Q. If they are known, it makes no difference, whether they stop the agreement or not ?

A. I do not see the point, I do not understand your question.

Q. If these men say they want to break up that agreement if you disclose their names ?

A. No, they say that rather than have their names disclosed they would like to withdraw altogether from the agreement and let it be cancelled.

Q. And still keep their names secret ?

A. Of course their names will still be secret, that is what they say. They do not want to have their names disclosed at all.

Q. You have received that letter from them ?

A. I have that.

Q. I may as well ask here, do you represent them ?

A. I do.

Q. When did you become their representative ?

A. About, I think I undertook the work for them about the 1st of May, last year.

Q. On the 1st of May, 1905.

A. Yes.

Q. That is just about the time they became incorporated ?

A. I never knew anything about this incorporation until a few days ago.

Q. You did not know that there had been a change ?

A. No, I never heard of that until about a week ago.

Q. You did not advise that change ?

A. No.

Q. They did not advise you that they had been incorporated?

A. Yes, they did. I did raise that question last year, in writing to them, there was something said as to their not having any incorporation, I don't know whether it came up through a dispatch or what it was, but I wrote and said I was surprised to see a statement made that the company was not incorporated. They wrote back and told me that the company was incorporated.

Q. What time was that you wrote ?

A. That was last summer, I think, or last autumn.

Q. You had not previously questioned them about it ?

A. No, I had never questioned it. I believed firmly that that company was incorporated in Holland.

Q. When did you have the first personal communication since 1899 with any of the members of this syndicate or any officer of it, apart from your position as Deputy Minister ?

A. Outside—I cannot understand that.

Q. When did you first have personal communication ; what was the date of the first letter between any member of that syndicate or any officer of that syndicate and you individually, any letters between you. Not as Minister or Deputy Minister ?

A. Well, I have had communication with—let me see—I first met one of the members of the syndicate, one who composes the company in, I am not sure, whether it was 1901 or 1902.

Q. Who did you meet ?

A. And I have had some correspondence with him from time to time.

Q. On private matters or immigration ?

A. Oh, practically on immigration, everything.

Q. Is that correspondence in the department ?

A. No, if it is private it is not in the department.

Q. Have you any objection to tell us who that was ?

A. Yes, I have. I should not disclose the name.

Q. Why ?

A. Because it is a gentleman connected with this institution, and I have pledged myself that no name in connection with it—that I would give no names in connection with it.

Q. Were you writing to him or was he writing to you ?

A. I cannot say that.

Q. Perhaps it was both ?

A. Both, probably.

Q. The correspondence was between you individually ?

A. Well, anything of that kind would be purely private.

Q. Was it private to him as well as to you ?

A. Yes.

Q. Was his correspondence official on behalf of the syndicate ?

A. No, altogether private. I had no correspondence with him on official matters connected with immigration.

Q. I thought you said it did relate to immigration ?

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A. No, I do not know that. I cannot tell you now. At any rate it would be all private, anything I had, I have no doubt that any letter I wrote to him was in connection with immigration.

Q. In some shape ?

A. Oh, no doubt it must have been.

Q. Were there more than one of them you corresponded with ?

A. No.

Q. You corresponded only with one ?

A. I only knew two altogether.

Q. Was he an official, an officer of the syndicate ?

A. I do not think so,—no.

Q. Who began that correspondence, can you tell us ?

A. As between myself and him ?

Q. The individual correspondence ?

A. Oh, I cannot tell you that.

Q. Can you tell us the nature of it, as regards immigration ?

A. No, I cannot, I do not remember.

Q. But it did relate to immigration ?

A. Oh, yes, there is no doubt there would be some references to it anyway.

Q. Was that before you retired from the department ?

A. Yes.

Q. When do you say it began ?

A. What, the correspondence ?

Q. Yes.

A. Oh, it may have begun in 1901, or 1902.

Q. Practically at the beginning ?

A. Practically so.

Q. And it continued ?

A. It was not very much; we had very little correspondence as a matter of fact.

Q. Is there anything in that correspondence that you object to lay before the committee ?

A. Well, I would not care to lay any private matters before the committee to make anything that was private official.

Q. Was that marked private ?

A. Everything no doubt.

Q. All of yours to him ?

A. Oh, yes, I do not think there was anything of any account in those letters at any rate.

Q. How did the arrangement between you and the company by which you entered their service originate ?

A. I fancy it was in the correspondence, in my correspondence with the gentleman I speak of.

Q. That led to your being employed ?

A. Yes, I think so. At least that was—I think in a letter to him I told him I was contemplating being relieved of my connection with the department.

Q. Up to that time, the time of your retirement, had you corresponded with any other person ?

A. On this subject ?

Q. Any person connected with the syndicate ?

A. No.

Q. Just with this one gentleman. Did you have any private correspondence with Mr. Preston in relation to matters in the office ?

A. No, I do not think I did.

Q. Did he with you ?

A. Not that I am aware of. Oh, there may have been letters written with some reference to it, but I do not think in a general way there was anything spoken of in connection with this matter.

Q. Did you have any private correspondence with him ?

A. I had considerable private correspondence with him, on various matters, but nothing relating to this.

Q. But relating to immigration ?

A. Yes, in fact, altogether, I never had any correspondence with him on any other subject than immigration.

Q. Why did you have private correspondence with an officer of the department on departmental work ?

A. Well, I suppose, largely, because it was simply marked private, and it was with reference to immigration matters. I do not think I ever had any correspondence with him on this subject at all; I am not aware that I did. But on the subject of English immigration I had correspondence.

Q. Did you have correspondence on the subject of the syndicate ?

A. No, I do not think I ever had correspondence with him on that at all.

Q. Did the Minister know you were having private communications with a member of the syndicate ?

A. No, I do not think he did.

Q. Did any other member, any other officer or person in the department know it?

A. No, I do not think so.

Q. You cannot tell us whether you began it or whether the gentleman of the syndicate began it ?

A. No.

Q. In the beginning under this new arrangement upon what class of people did you pay a bonus ?

A. We paid a bonus on agriculturists, farmers, and those engaged in agricultural pursuits or of agricultural class over 12 years of age. We did not pay on children.

Q. You did not pay on children ?

A. No.

Q. You did not pay on infants ?

A. No.

By Mr. Foster :

Q. Does that appear in the contract ?

A. Yes, I think so—you are speaking of the original ?

Q. No, I mean under this syndicate arrangement ?

A. Well, that is what I understand; at the beginning I say the first arrangement we made altogether we paid on all persons over 12 years of age, but not on any children.

Q. When did you change that ?

A. That was changed, I think,—well I cannot say whether that was 1901, I think it was. I think it was changed immediately or a few months after it was made.

Q. The agreements refer to an arrangement before it came under contract?

A. No, I regard it all as being under contract; the only agreement we ever had with the company.

By the Chairman:

Q. In writing ?

A. In writing was the last one? They were all orders in council before.

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By Mr. Foster :

Q. The first order in council is dated for operation on the 1st January, 1902; previous to that the correspondence states that it had been carried on under an arrangement with the department.

A. I do not remember that now. I think there was an order in council in every case.

By the Chairman :

Q. That might have been so.

A. Yes, of course, but the whole arrangement was known to the Minister because I had reported to him. Are these the only two orders in council there are?

THE CHAIRMAN.—Yes.

A. I thought there were four orders in council altogether.

By Mr. Foster :

Q. If you look over that file just previous to the first order in council you sent a letter to Mr. Preston and in that you raised the question : Is it better to have an order in council or shall we proceed as before under departmental regulations ?

A. I wrote to Mr. Preston.

Q. Yes, and he answered: It would be better to have an order in council?

A. That was Mr. Sifton wrote I think.

Q. Oh yes, Mr. Sifton, your minister.

A. Yes, I remember that now.

Q. Whilst Mr. Barker is looking that up, you were under the impression that the company was incorporated.

A. Yes, I always thought that they were.

Q. You did not find out what you now state until a few months ago?

A. I am not so sure now, but I cannot understand this English incorporation. I do not know anything about that at all, because I only heard of that a few days ago.

Q. Your impression was that they were incorporated at that time ?

A. I do not know.

By the Chairman :

Q. You stated that you thought it was in Amsterdam ?

A. Yes, I always believed it was in Holland.

By Mr. Foster :

Q. You do not know yet that it was not.

A. No, I cannot understand what this means.

By Mr. Stockton :

Q. From whom did you learn a few days ago that it was incorporated ?

A. From the company, they sent me this agreement, it was only I think, within a week I received it.

Q. Without any inquiry on your part they volunteered the information ?

A. Yes, I do not think I have mentioned incorporation to them lately.

Q. Did they tell you then where they were incorporated ?

A. Last week ?

Q. Yes.

A. They sent me the articles of agreement or whatever the English document requires.

By the Chairman :

Q. The articles of association or memorandum of agreement.

A. Yes, whatever the title is. I was a little surprised to get that because I had always been under the impression that they were incorporated in Holland.

By Mr. Barker :

Q. I see that on November 21, 1901, the Auditor General writes to you: 'With reference to the matter of the North Atlantic Trading Company—I beg to say that I have passed your application of the 6th instant for a payment of £3,100 on account of the amount earned by them in connection with the immigration branch during the year ended June 30th last.' Then after referring to another matter he continues :

'I also note that you are crediting the company for all immigrants irrespective of age, even the infants. In former years credit was given for adults and children over a certain fixed age only. The memorandum of agreement with the company for the last year furnished by you, does not state that the company is to be allowed for all children irrespective of age. The agreement states merely that the government shall pay a bonus of £1 on every bona fide agricultural immigrant, including farm labourers and domestic servants. Another clause states that no bonus is to be paid to any immigrant who is not mentally or physically fit,' that is, fit medically.

Now you answered that on November 27th, 'Referring to your favour of the 21st instant, regarding the payment of bonuses to the North Atlantic Trading Company, I beg leave to say that under the present agreement it was the intention of the department to pay the bonus named to all members of the agricultural or domestic servant class. This would include of course men, women and children. The clause in the agreement dealing with persons not mentally or physically fit, is intended to refer to any who were suffering from some mental or physical disease.' Your interpretation of the agreement that you are speaking of, from June, 1900, to July, 1901, was that you paid on all children ?

A. Yes.

Q. Even on infants ?

A. Yes, as the Auditor General points out, on all.

Q. Is that in accordance with the agreement ?

A. Well if you will excuse me, you will find in the record there, why there was a change between the first agreement and the second. I know it was represented immediately afterwards that the contract that we had entered into was such that it practically meant nothing for the company at all, and the company was prepared to throw up the sponge if we had not made a better contract for it.

Q. I have here a report from the Minister to the Governor in Council dated September 24, 1900, in which he refers to this immigration business in Russia, Germany, Austria, &c.

A. Yes.

Q. Then he refers to what the company undertakes : 'To maintain a continuous and active propaganda ?'

A. Yes.

Q. He goes on to say, 'On the other hand it is agreed that the government of Canada shall pay to the company a bonus of £1 on every bona fide agricultural immigrant, (farm labourers and domestic servants included), landing in Canada from the countries named, with the intention of settling in Canada.' Would you call an infant on the breast some one that came within these words coming here as an agricultural immigrant ?

A. Yes.

Q. Or a domestic servant ?

A. I think so.

Q. With the intention to live in Canada ?

A. I would think so.

Q. You formed that opinion as an officer of the government ?

A. Yes.

Q. I can understand the trading company looking at it in that way?

A. No, I formed that opinion as an officer of the government.

Q. A child in arms ?

A. On all. Where you speak of the agricultural class, or a given class,—

Q. I am not speaking of a class at all, but of the very words here if you will read it. 'On the other hand it is agreed that the Government of Canada shall pay to the company a bonus of £1 on every bona fide agricultural immigrant.'

A. Yes.

Q. And in parentheses, 'farm labourers and domestic servants included.'

A. Yes.

Q. 'Landing in Canada from the countries named with the intention of settling in Canada ?'

A. I would think that would include everybody. There is no doubt about it.

By Mr. Maclean (Lunenburg) :

Q. That is the '99 agreement ?

Mr. BARKER.—This is the report for 1900. It is the year that Mr. Smart is referring to, and is dated September 24, 1900, he is citing the existing arrangement which is for the year beginning in 1900, and ending in 1901, which is the year that is under discussion. Now, Mr. Smart, do you think it was a reasonable construction of the agreement that you were going to pay on a baby in its mother's arms ?

A. Yes.

Q. As a bona fide agricultural immigrant ?

A. Yes.

Q. With the intention of settling in Canada ?

A. Yes.

Q. You really think so, that a baby, perhaps 24 hours old, would have a deliberate intention of settling in Canada ?

A. Yes, I do not know what it came here for if it didn't.

Q. So that under the arrangement when people arrived at Montreal or elsewhere, under the arrangement, you had to send the list home to the trading company, and you have to pay upon that list so that every child, every infant that arrived at the wharf on the vessel, was worth £1 to that trading company?

A. Yes.

Q. Even though it had been born on the ship on the way over ?

A. I do not not know anything about that. 'Arriving in Canada,' the contract says.

Q. Certainly your description covers that. You really did think that was a reasonable construction ?

A. There is no doubt it was the intention anyway.

Q. And they got paid for it?

A. On all of that class.

Q. Well, I think you were liberal ?

A. Well, it comes to this in connection with immigration, continental immigration, we determined to get the people, even if we had to be liberal in the construction of any agreement. I remember we followed that up throughout. It was a matter in which we felt we could not be narrow or picayune in our expenditure. We felt that in order to get the people we had to spend money, and we believed that we were dealing with the right class of people who could get them.

Q. I find that at page 157 (pencil notation) of file 113,228,—2, you are sending home a list in November of 1901 ?

A. Yes, of all the immigrants for all the year previous ? Yes.

Q. Now I find in that report, I think it is for the year 1900-01, I am not sure it is, and in that report you have got down 'adults 2,971, and children, 2,057, and on all—

A. This is the report sent from the department ?

Q. Yes, it is among the papers produced here from the department ; I mention this to show it was no slight matter this paying on all.

A. I do not know what they refer to by 'children' there.

Q. I will deal with that in a moment. This is the way you seem to deal with the children, at page 4 of that paper (page 160 pencil notation), the arrivals may be divided as follows, you say : '800 young men and women as servants, not married, over 16 years of age.' They are adults apparently, nothing under 16 would be included with the young men and women servants.

A. Yes.

Q. '500 adults, families with one child.'

A. That is describing them for classification about money and that had not anything to do with bonuses.

Q. '550 farmers with their wives and 1,500 children.' Now these 1,500 must have been less than 16 years of age, because you put them always in another class.

A. I do not know anything about that statement.

Q. That is a departmental statement.

A. I do not know anything about it, I never saw it before as far as I know.

Q. It is on the files ?

A. Yes, but I do not see all that is on the files.

Q. We will give it as a memorandum for what it is worth, I do not hold you responsible for it.

A. I do not know anything about it at all.

Q. I find in that report that children over 16 are not called children ?

A. Yes.

Q. That is all those that are called children are under 16 ?

A. Yes.

Q. And in that same report, I find that the total number of adults reported on were 2,971, and of children, 2,057, making up the money report,—that is the money report, that would be their money I suppose ?

A. No, that would be the report at the seaports.

Q. Yes, but that would not be the bonus, that is the money reported that they had upon them ?

A. Yes, the money in their possession.

Q. We had nothing to do with that here, I am only mentioning it to show that 40 per cent of those arriving from Europe were children ; of course they would not all be infants on the breast.

A. Of course not.

Q. But a large number ?

A. I would think there would not be a great many infants in that number, the proportion would be small, the children would be all the way from 3 or 4 years of age up to 16, I suppose the great majority would be between those ages.

Q. But your opinion was that 3 or 4 months or any age up to 16 should be paid the bonus ?

A. Yes, I am sure that was the intention.

Q. Well, I might say, as I said before, that is a liberal construction as against Canada ?

A. I do not think so, as far as I am concerned.

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Q. I mean simply from the reading of the contract, I do not mean to say that as a matter of policy, I am not dealing with it on that ground.

A. The matter is very much of ancient history to me, now, I have not thought or heard of it since I left the department.

Q. I am trying to treat you fairly by reading it.

A. It is very difficult to say how it came about because there was so much spoken of with regard to this matter, that you cannot explain regarding the negotiations, they were not continuous you know.

Q. Here is some correspondence that you had with the Hamburg-American Company. On February 2, 1900, their agent at Montreal, Mr. James Thom, writes to you :

'In conversation with Mr. Otto Thorning, of the Imperial Austrian Consulate here, we learn that your department has reached a decision regarding the payment of bonuses to immigration agents. The present is to request that you be good enough at your earliest convenience, to furnish us with full particulars of the proposed arrangement for this season, or any other information which you may be in a position to give us.

'No doubt you have been aware that the Hamburg-American Packet Company withdrew their regular boats from the Montreal service some two years ago, but we have pleasure in advising you that it is their intention to furnish a service this season with their own steamers direct from Hamburg to this port.'

To which you replied on February 5, 1900, you will observe that this is after you made the arrangement with this syndicate. You say :

'MY DEAR SIR,—I have your letter of the 2nd instant with reference to my conversation with Mr. Thorning, of the Imperial Austrian Consulate, Montreal, regarding payment of bonuses to immigration agents. In reply I beg to say that all bonuses to steamship booking agents for continental immigrants have been cancelled, and are not to be revived.'

Was that quite correct ?

A. I presume if my name is to the letter, if I signed it, it is correct. I do not remember anything about it at all.

Q. At that time, you had actually made a new arrangement ?

A. That referred to a previous arrangement by which every booking agent got a bonus under the arrangement that was in force.

Q. That is what you meant by that letter ?

A. Yes, but that was cancelled.

Q. But you did not mention the new arrangement?

A. I cannot explain why I did not mention the other.

Q. But I would suppose, that having made the new arrangement, you would have mentioned it ?

A. I do not know why I did not explain that. That was the local steamship agent's bonus that we cancelled.

Q. But this was the Hamburg-American Packet Company wanting to do business with you ?

A. Yes.

Q. And you go on 'the department is, however, endeavouring to perfect an arrangement with some central authority by which the work on the continent may be taken over and prosecuted more vigorously than ever before.'

A. Yes.

Q. 'I am hardly in a position to give you any details at present, but have no doubt that Mr. Preston, who is our chief officer on the continent, and who will be here in the course of a few weeks, will call to see you on this subject. I will have this noted so that he will not overlook it.' So there you explain that all arrangements have been cancelled ?

A. I can explain with regard to that. I did not know who the Hamburg-American Packet Company were, I had no idea, I did not know but what they were perhaps connected with this syndicate themselves, I was never informed. I presume I felt I was not in a position to give him any definite statement. We did not regard it as an absolutely definite contract, it was made subject to three months' notice that was the preliminary arrangement to see how it would work out. There was nothing definite at all, and we made this binding on the syndicate as far as the department was concerned.

Q. But you do not in your letter say it had gone into operation on the 1st of November ?

A. Yes, but I say that the contract was subject to cancellation on three months' notice, was it not ?

Q. I do not know, I cannot say.

A. I know I did not feel when I drew up that contract myself I did not feel—I thought that it was altogether in the interest of the government, and that if the company carried out that contract it would be about all any one could expect of them.

Q. Why would it not have been in the interest of the government for the department to point out to the syndicate, 'here is the best chance to add to the strength of the company, to add to the strength of the syndicate ?'

A. I did not know these people ; these companies, like the Hamburg-American Packet Company you could not put into a syndicate of that kind. The syndicate was composed altogether of people who booked passengers and who sold the tickets to them.

Q. I suppose they might have put Mr. Thom their agent in ?

A. Mr. Thom is in Montreal.

Q. But he might have a Hamburg correspondent ?

A. No, he is manager of the Hamburg-American line here.

Q. But he would be able to correspond with the people at home ?

A. I did not care whether Mr. Thom was in it or anybody else, as long as the people did their work and brought the immigrants.

Q. You told him that everything had been cancelled and that you were looking around to see if you could not make a new arrangement ?

A. That is what I say, we made a tentative arrangement, and we had a right to cancel it at any time. We were looking round to see if we could secure the people, and to see that the company, who ever they were, earned their money.

Q. Do you mean to say that this new company was going to expend all this money for a three months' contract ?

A. That is what the terms were. My own suggestion was three months, you know.

Q. 'The acceptance of this offer,' Mr. Smart, 'to be for the term of five years, and may be subsequently cancelled by notice three months prior to the 1st of October, in any year.'

A. Yes.

Q. For five years at least?

A. But subject to three months' notice of cancellation.

Q. But subsequently ?

A. Oh, no, it could have been cancelled the next year by three months' notice given before the 1st of October.

Q. The acceptance of this offer is to be for the term of five years and may be subsequently cancelled by notice three months prior to the 1st of October in any year.

A. The intention of that was to cancel it in any year on three months' notice.

Q. I am afraid the contract does not state that.

A. That was the arrangement, I know. The wording may not be exactly correct. What you think is that it had to run five years and could then be cancelled on three months' notice afterwards.

Q. It is clear as noon there ?

A. That was not intended. It was to be cancelled on three months' notice in any year.

Q. You do not mean that this agreement as it was entered into by Mr. Preston meant that ?

A. At any rate I may say plainly I knew at the beginning we were putting up a contract that it was going to be very difficult for any company to carry out. I was satisfied as to that, and we made up our minds we would see what they could do with the contract which I prepared myself.

Q. I am referring to the proposition made by the syndicate formally to Mr. Preston, and here is Mr. Preston's reply: 'I only desire in accepting your proposals to accentuate the last clause in your letter, promising that on your part there shall not be any contravention of the laws of any of the European countries.' That is a straight acceptance as far as it is possible to be, Mr. Preston accepts unequivocally and it is a contract for five years.

A. What is the date of that letter ?

Q. Fourth of November, 1899, and it is addressed to them.

A. Have you a report there from the Minister on my return, with reference to that ? Is there any report there, from myself to the Minister with regard to that ?

Q. I would not say at the moment that there is ?

A. There must be somewhere.

Q. But there was no question raised at any rate?

A. We were going to try and see whether it would work.

Q. I am dealing with a simple question of what your idea was when you wrote these letters, that it was only a temporary arrangement of three months.

A. That was the intention as far as I am concerned.

Q. That all this money would be spent for a three months' contract ?

A. Yes.

By Mr. Maclean (Lunenburg) :

Q. Mr. Barker does not contend that the cancellation should be subsequent to the end of the contract ?

A. The contract would end itself in five years.

By Mr. Barker :

Q. I do not want to make any contention at all, but nothing could be clearer. 'The acceptance of this offer to be for a term of five years.' That is clear enough.

A. Yes, but it may be subsequently cancelled.

Q. It is liable to be terminated on three months' notice in any subsequent year.

A. I can say most positively that it was never intended to be that way at any rate. The arrangement was, as I say, that the contract could be cancelled at any time on notice given prior to the first of October.

Q. Now, Mr. Smart, I suppose the object of paying this $5 per head was to promote and increase immigration into Canada?

A. Yes.

Q. That was the object ?

A. Yes.

Q. A very large sum was agreed to be paid, the undertaking depending upon the amount of the business, but the object of your department was to increase the inflow of people into Canada.

A. That was the whole object, the only thing I ever had in view in connection with it.

Q. I want to ask you this question. Have you at any time since the arrangement of October, or November, 1899, while you were Deputy Minister, had any personal interest, direct or indirect, in the number of immigrants coming to this country?

A. Oh, no.

Q. That you sa. ?

A. I never had any interest whatever in the company in any shape or form, I may say plainly that such a thing has never been suggested by myself or by the company, or by anybody on behalf of the company.

Q. That is sufficient, that is your answer ?

A. If there is any suggestion of that kind I want to have it cleared up at once.

Q. Did you, while Deputy Minister, receive, directly or indirectly, for yourself?—

A. The benefit——

Q. Any money in connection with immigration ?

A. Not one cent.

Q. Did you profit in any way whatever, out of any immigrants to Canada upon whom the government of Canada paid that bonus ?

A. Not a fraction of a farthing, never.

Q. Were you never concerned, Mr. Smart, in bringing immigrants into Canada from any of those countries yourself ?

A. In what way ?

Q. In any way ?

A. Never, except to see that this company carried out their contract and that they were paid, that is all I had to do with it. Any change that was ever made in that contract, from the beginning to the end, was made with one object only, the promotion of the interests of immigration and of the government of Canada.

Q. Did the steamship companies get any allowance from the government at the same time this bonus was paid to the company ?

A. Which, from the Department of the Interior ?

Q. Yes.

A. No, no, that was the only bonus we paid.

Q. Can you tell me, I want the information, what the average cost would be of bringing an adult to Canada to one of our ports from any of those European countries that comprise this agreement ?

A. From seaport to seaport do you mean ?

Q. Take any one.

A. It would cost from Galicia to-day, it will cost to take an immigrant from their home to Winnipeg——

Q. Not to Winnipeg but to our port ?——

A. What place would you say, Quebec ?

Q. Yes, say Quebec.

A. It will cost not less than $40.

Q. That is for an adult ?

A. Yes.

Q. And what will it be for a child of 6 or 7 or 8 years ?

A. It is half rate I think on children over—I think only children in arms are carried free, I think they have a quarter rate as well for children between arms and five years.

Q. $40 would be the full rate ?

A. Yes.

Q. And $20 would be the half rate ?

A. The rate to-day from Antwerp to Winnipeg is $47.50, from their home in Galicia, it would be probably $7.50, so that would be $55 for a passenger to Winnipeg.

Q. I am speaking of, say Quebec or Montreal ?

A. To Quebec or Montreal it will be $16 less than that, it will be about $40.

Q. Did you, Mr. Smart, bring out yourself any immigrants from any of those countries ?

A. The government ?

Q. No, you ?

A. Myself ?

Q. Yes ?

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A. No.

Q. Are you quite sure ?

A. I do not know what you mean.

Q. Were you engaged directly or indirectly——

A. In any business ?

Q. In any shape or form in bringing out immigrants ?

A. Except as an officer of the government, in bringing them out in the interests of the government I never was in any shape or form.

Q. Did you as an officer of the government ?

A. No.

Q. Except in an official way ?

A. No, that is all.

Q. Did you not bring some Jews out ?

A. No.

Q. You were not concerned in bringing any Jews out ?

A. Oh, yes, I remember what you are asking about now. Yes, there was a Jewish organization wrote out asking if they could send a few agricultural Jews, I think from Roumania to Canada. They were sent out here and I was asked, I do not remember exactly how it all came about, I was asked to look after it and to decide on the location for those people. This was away back in 1901, I think.

Q. Just after this agreement ?

A. There were some sent out, that is all I had to do with it. I had to look after it and give a recommendation where I thought they might be best located.

Q. Had you anything to do with their being brought to Canada ?

A. No, no.

Q. Apart from the location of them ?

A. No.

Q. Are you quite certain ?

A. No, excepting what I say that I recommended that they be sent to Canada—at least I did not recommend that they be sent to Canada, but they wanted to send them.

Q. Had you not an arrangement with the Jewish Association in London ?

A. Had not I ?

Q. Yes.

A. What kind of an arrangement ?

Q. As to what it would cost to bring these people out from Roumania ?

A. I do not think so.

Q. Did you make any statement to them, or claim that the cost would be $40?

A. Yes, as to what I thought it would cost to establish them on farms. I did give an estimate, yes.

Q. No, but the cost of coming to Montreal ?

A. No, I never did that I think.

Q. Eh ?

A. No, anything I had to do with them was in regard to getting them located and most of them located near Fort Qu'Appelle.

Q. Did not that company pay you the cost of bringing a number of families out ?

A. No.

Q. To Montreal ?

A. No.

Q. Did you receive any money on that account ?

A. No.

Q. Did anybody to your knowledge connected with the government ?

A. No.

Q. Did you give an estimate to that company—what is that man's name in London—Lucada?

A. Yes.

Q. Did you give Lucada an estimate of the cost of bringing out adults down to eight years of age ?

A. No.

Q. You never did ?

A. No.

Q. Did you ever tell him it would cost to bring an adult to Montreal, £40 ?

A. No.

Q. How much did you receive from that company ?

A. In what way ?

Q. In any shape in connection with this agreement.

A. They sent us altogether something less than $50,000 (£10,000)—it was sent in 1901-02 to me to be spent as I would direct in the interest of the settlement of these people. The £40 that you referred to is the amount that was fixed upon that each family should have upon locating; our advance to one family when they settled in Qu'Appellle was to be £40. It had nothing to do with transportation at all.

Q. I think you are mistaken ?

A. I cannot be mistaken, because I remember distinctly everything that had to do with it, because the transportation was all paid outside of that.

Q. Who paid for the transportation to Montreal ?

A. I presume the Jewish Association.

Q. In London ?

A. Well, I do not know, London or Paris.

Q. Did you go to London and Paris to see these people ?

A. No, I did not go to see them, but I did see them.

Q. There ?

A. Yes.

Q. When was that?

A. I think in 1902.

Q. After all had come out ?

A. Yes, it was nearly a year afterwards.

Q. You did not see them before?

A. No, never saw anything of them.

Q. Quite sure of that ?

A. Yes.

Q. And you say that the transportation to Montreal was paid as far as you know directly by the Jewish Association ?

A. Yes, I have no doubt it was—I suppose it was.

Q. That is as far as you know ?

A. Yes, I have no knowledge of it at all.

Q. What was the £10,000 given to you for?

A. To expend as I saw fit in outfitting these people when they arrived at Qu'Appelle

A. And paying their way ?

A. No, I do not think there was any transportation, only perhaps from Montreal to Qu'Appelle.

Q. You included that?

A. Yes.

Q. And did you take part in that?

A. I did not pay it. Somebody paid it out of the funds that I had.

Q. You accounted to the Jewish Association for it ?

A. For everything, yes.

Q. I believe there was a dispute between you about it ?

A. About which ?

Q. About your accounts?

A. Never a dispute, never a question.

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By Mr. Maclean (Lunenburg) :

Q. You were acting as trustee ?

A. That was all. What I think was the question as to the accounts—there was a little question as between the legal firm here which probably gave the information.

By Mr. Barker :

Q. I did not get this from the legal firm. It is pretty well known.

A. No.

By Mr. Maclean (Lunenburg) :

Q. What legal firm?

A. Lewis & Smellie, who were squaring the accounts. There was no dispute, and Travers Lewis told me they were perfectly satisfied as far as the accounts were concerned. He was determined to get from these people security for the moneys that had been advanced, and they wanted me to make an affidavit as to what the terms were under which these people came out, and they wanted to make it a little stronger than I thought I was justified in making it. I finally made an affidavit and gave evidence as to the whole matter. There was never any question as to accounts. This is the first time I ever heard it suggested.

By Mr. Barker :

Q. Not between you and the association ?

A. Never, no.

Q. Was there any question about accounting for the £10,000 ?

A. Never the slightest question.

Q. I suppose the government paid on these people ?

A. Well, they may have paid on some of them. I do not think they paid on them all. There were not a great many of them altogether, I think only about 275 of them altogether.

Q. Why should not they pay on all ?

A. Because some of them did not go on the land, or they left. All that were settled I fancy were paid for in the regular accounts.

By Mr. Maclean (Lunenburg):

Q. That is in the North Atlantic Trading Company ?

A. It had nothing to do with these people at all. It was another matter altogether.

By Mr. Barker :

Q. On most of these men I suppose the $5 a head was drawn for by this association?

A. I suppose they included it in the association. I cannot tell you about that now. They would be paid for if they were agriculturists.

By Mr. Foster :

Q. Where were they brought from ?

A. Roumania. The idea was, the Jewish Association was anxious to see whether anything could be done for a lot of poor Jews whom they said were willing to work. In Roumania they had suffered great hardships and they wanted to send some to Canada. Large numbers had gone to South America and they were very anxious to bring out a few to try them, and that was the foundation of the whole of this matter.

Q. Who were the anxious people, the Jews here ?

A. No, the Jews in the old country, the Jewish Association in Paris and London, I think, the Hirsch people. They wanted to see what they would do on the land here and these people were selected to come.

Q. And they brought them out ?

A. Yes.

Q. How many ?

A. I think about 275. Unfortunately the scarlet fever broke out as soon as they landed at Qu'Appelle station and they were in quarantine month after month and that destroyed their whole work.

Q. This trading company received a bonus?

A. I presume they would on those returned as agriculturists.

By the Chairman :

Q. What was the result of the settlement ?

A. It has not been very satisfactory. I think there are forty or fifty families there yet.

Q. Why did the others leave ?

A. They kept going, they were not satisfied.

Q. They had not the qualifications for agriculture ?

A. Some of them were splendid agriculturists. There was a man in charge there to direct them.

By Mr. Barker :

Q. Who is Mr. Fortier ?

A. He is a clerk in the Immigration Branch of the Department of Interior.

Q. I see a memorandum prepared by him on February 2, 1900. It refers to this agreement. I won't repeat the first clause. He refers to a Mr. De Coeli who was to work for the company ?

A. He is the government agent in Belgium. I think he was appointed in 1898 or 1899. He was sent to Belgium from over here.

Q. Is there any trouble now that that name is out—is there any trouble about naming the others ?

A. In what way ?

Q. There is no trouble about giving his name to the public ?

A. Because Belgium is not under any restrictions so far as laws are concerned ?

Q. This is a memorandum on the department file, Mr. Fortier says: 'The company,' he is referring to the syndicate, 'consists of certain continental booking agents and their friends, names unknown.' What do you understand is meant by 'certain continental booking agents and their friends.'

A. I do not know what that means.

Q. That is a very plain statement ?

A. I do not know what it means I am sure.

Q. We have only heard of booking agents being in this business ?

A. Those are the only people I have ever heard of being in it.

Q. Was this gentleman wool-gathering at the time ? It is an extraordinary expression to make use of, you cannot explain it ?

A. No.

Q. The company consists of those he classes as 'certain continental booking agents and their friends.' Mr. Fortier is in the department ?

A. Mr. Fortier, of course, could not have known very much about the thing at all I do not know why he would say that.

Q. You cannot explain that ?

A. I do not know what he means by that at all.

Q. That is the only thing I wanted to ask you about to-day and I just noticed it in reading through the file.

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A. I think it is just a remark. He, of course, would not know.

Q. 'Their friends,' is included in there as composing the company ?

A. I see the point you make out of it.

Q. I think it is a very proper point for me to make here. 'Who are their friends,' for instance, I might say ?

A. I certainly did not know anything about it at that time, I have only known them two or three years.

By Mr. Foster :

Q. With reference to these Jews you spoke of, that was in what year ?

A. 1901, I think, some came out in 1901 and a smaller detachment in 1902.

Q. These were brought out at the expense of the Hirsch people ?

A. I think so. It was a Jewish Association, I do not know where it is any more than it is an institution.

Q. How many came out ?

A. Two hundred the first year came out and a little over 100 came out the next year.

Q. And in the bringing of these out the North Atlantic Trading Company met with no expense ?

A. No, they had not anything to do with them at all as far as I know.

Q. And yet they drew $5 per head ?

A. No, I do not know—not $5 per head of them, I do not know whether they had anything to do with bringing them over or not.

Q. Did they get any bonus on them ?

A. Yes.

Q. Did you consider that was money earned ?

A. Yes, it had to be paid under their contract, we could not refuse it.

Q. Even though they had not lifted a finger ?

A. It did not make any difference.

Q. The contract called for that and they got it.

A. Certainly, because they were paid on immigrants of the agricultural class from the country from which these people came.

Q. Do you consider this a provident agreement ?

A. Yes, the arrangement is this, if you understand it, and I presume you do. It does not matter whether they spent any money upon any particular person or body of people or not, we made an arrangement for a general propaganda, and advertising to promote immigration to Canada from certain countries, and we said if you give us immigrants, on all immigrants of a certain class that come from those countries we are prepared to pay a bonus, we will keep all the accounts and make the records at the seaports and return you the bonus on the class that we require.

Q. That is the contract ?

A. That is the contract.

Q. What steps did you ever take, if any, to satisfy yourself that the company performed its part of the obligation in respect to the expenditure of $15,000 per year, and that special work the expenditure of £1,000 per year in the way in which the contract specified it was to be expended ?

A. I do not know that I took any special means myself to do that.

Q. Did anybody ?

A. Well, I think so, Mr. Preston reported on that himself.

Q. What did he report ?

A. I am not certain about that, I cannot remember, but I know that they furnished certified bills, showing what expenditure they had made, and I think, attached to those were affidavits by officers of the company.

Q. For instance, did they certify to a single one of those immigrants who were paid for on their account ?

A. They are not called upon to do that at all.

Q. I am just asking you, did they ?

A. That was not the agreement which was that they should be paid on certain immigrants provided they expended a certain amount of money in those countries ?

Q. They did not certify to a single immigrant ?

A. It was never intended they should, we kept track of the immigrants, and we paid them for what we got.

Q. I asked the question, what steps did you take to make sure that they bona fide and intelligently made the expenditure and carried on the propaganda which they were obliged to under their contract ?

A. I do not remember now exactly what steps were taken. I may have taken some steps, but at all events I was perfectly satisfied of their bona fides.

Q. How were you satisfied ?

Q. With the statement they furnished that they were really doing the work, because in their statement they sent to the department copies of papers that they advertised in, with the advertisement, they sent copies of the booklets that they published, with a certified statement as to the number of them and vouchers, showing the payments made for these very books. That was the best proof, I do not know that there was anything more required than that.

Q. One could easily conceive—

A. Of course it might have been a good thing for me to have gone there, but I did not know where to go to.

Q. You never sent an inspector to do that ?

A. I think we did. I think in the correspondence you will find where Mr. Preston was instructed to do that very work.

Q. What was his report ?

A. I cannot say, I do not remember now.

Q. I have not found it in the report ?

A. Well, I think it is there because it was part of his duty.

Q. What evidence have you that the pamphlets were distributed ?

A. Well, I do not know that we could have any more evidence than the statement of the people.

Q. They said so ?

A. Yes, they said so, and one point of the evidence was the fact that immigration increased.

Q. Well, that may be a subject of doubt as to whether it was in consequence of their work or not.

A. The previous year to 1898 the total number of immigrants from those countries that are included in the contract was 5,400 and some odd, and I think you will find it is upwards of 30,000 to-day. Whether they did it or not, may be a matter of question.

Q. When the Hirsch people put in 30,000 or 40,000 which they sent out how is the increase of immigration evidenced ?

A. The Hirsch people probably brought out 300 or 400 people.

Q. But was that evidence that this company did its work ?

A. I cannot say that.

By the Chairman :

Q. Was there any evidence that the Hirsch people were influenced by the North Atlantic Trading Company in bringing these people out ?

A. I do not know whether there is anything or not to show it in the record.

By Mr. Foster :

Q. What evidence have you to show that they employed agents, and if so how many ?

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A. Well, I cannot answer that question.

Q. You do not know that there is any evidence ?

A. I do not know that there is.

Q. You have never seen any ?

A. No, except the fact that they reported last year regarding their agents, new agencies that had been opened in the Scandinavian countries.

Q. What agencies have they there ?

A. Christiania, Gothenberg, Stockholm and Copenhagen. These, excepting Gothenburg, were opened within the last year and they sent photographs showing the offices.

Q. They did not send you a photograph of that office you tried to look up ?

A. It was there all right.

By Mr. German :

Q. What are the laws of Sweden and Scandinavia generally, with reference to opening offices of that kind ?

A. They opened no offices in the name of the North Atlantic Trading Company. They open offices under the name of a booking office and these men are booking agents, with special reference to Canadian immigration, and they have on the windows, I notice 'Canada' marked very plainly on the windows of the offices. I think the minister has those photographs himself, they were sent to him.

Q. How much money has been paid altogether for bonuses to foreign immigrants ?

A. Under this arrangement ?

Q. Yes.

A. I cannot say, but I think $220,000 have been paid in the last four years, to this North Atlantic Trading Company.

Q. About $240,000 ?

A. About $220,000, I think in the last four years.

Q. At the rate of $5 per head for every immigrant ?

A. No, it does not come to that under the present arrangement, the average is not much over $4 per head, because we pay only on a maximum number of a certain class. We pay for instance, on all immigrants from Galicia, Buckowinia and Poland, no matter how many come out, only up to 5,000. They can only receive $5 per head on 5,000 per annum, from those countries, that is the maximum.

The CHAIRMAN.—You mean they only receive bonus on 5,000 people?

A. From those countries.

By Mr. German :

Q. Is this an incorporated company?

A. I understand so.

Q. Where is it incorporated ?

A. I always understood, whether I am correct or not, that they were incorporated in Holland. They have an English incorporation, but I am not sure yet as to whether they have that incorporation in Holland or not.

By Mr. Lake :

Q. You stated the other day that they told you they were incorporated in Antwerp?

A. No, not in Antwerp but in Holland.

Q. In Antwerp, I understood you?

A. No, Amsterdam, Holland.

Q. They told you that before, that is what you said.

A. No, I do not know that I said that exactly. I said I always understood that they were incorporated there and acted on that.

Q. I think you said you knew it because they said so.

A. Probably I said so.

By Mr. Foster :

Q. Have you any knowledge of who has this agency in Gothenburg ?

A. Almquist & Co. is the name on all of them.

Q. He is in Gothenberg ?

A. Yes.

Q. Do you know anything about him, as to his standing ?

A. No.

Q. About his financial ability ?

A. No.

Q. His representative character ?

A. No.

Q. Suppose I were to say that the agency, and the sole agency of this company, in one of these cities was to be found in a small cigar store, would you deny it ?

A. No, I would not deny it, probably that would be a very good place to have it.

Q. It is not a very representative location ?

A. It is a matter of getting the people altogether.

By Mr. Stockton :

Q. You said that this increase in immigration to Canada would probably be in consequence of the propaganda and the literature that this company spread through these countries. Did not the government go to the expense of literature also ?

A. No.

Q. Well, I see in the Auditor General's report, 'advances on account of bonus and literature, $25,000.'

A. Well, there was a special arrangement for the Scandinavian countries that if the company expended £1,000 additional in the Scandinavian countries the government agreed to spend £750 for literature, &c.

Q. That is in the agreement ?

A. Yes.

Q. As to this item it would be under the terms of the agreement as to the £1,000 and the £750.

A. Yes, it must be.

By Mr. Lake :

Q. I notice that in the Auditor General's report for 1903-4 there were a large number of copies of the Winnipeg *Nordwester* distributed at a cost of $4,691.67 ?

A. Yes, that is in the United States, I think.

Q. But it is a German newspaper ?

A. Yes, it is distributed in the German settlements in the United States.

Q. Well, I also noticed that Rand, McNally & Co. have an item for translating the German Atlas.

A. That would be for the United States, too.

Q. I also notice that an Antwerp firm, De Vos & Van der Groven, supplied 250,000 pamphlets.

A. Yes.

Q. And another firm in Antwerp, Jules de Winter, supplied 125,000 pamphlets.

A. Yes.

Q. And a Hamburg firm also supplied literature?

A. Yes, these were for distribution in their own countries. Belgium is not under the contract and the government carries on its own operations in Belgium and France.

APPENDIX No. 3

By Mr. Foster:

Q. Do they still carry on those operations ?

A. In Belgium and France.

By Mr. Lake :

Q. Would pamphlets be printed in Hamburg for Belgium ?

A Yes, it might be. I do not know whether it would be or not, but I fancy it would. Is that in the Auditor General's report?

Q. Yes, 1903-04.

A. I do not know where that would go unless it was for use in Belgium, to be distributed along the Belgian boundary, between Belgium and Germany.

Q. There is also an item under Amsterdam the 'North Atlantic Trading Company, 210,000 pamphlets, $122.03, translating $41.51, and postage 60c., making a total of $164.80.'

A. Was that paid to the North Atlantic Trading Company?

Q. Apparently so, according to the Auditor General's report.

A. They may have asked and got them to print those, I do not know about that, that was likely paid in the old country. It was not paid here I am sure.

By Mr. Stockton :

Q. Some of this printing in the United States was for shipment abroad to Europe was it not ?

A. It was only for the United States, I think.

Q. It says here, 'for foreign shipment, 514,000.'

A. I suppose they would consider that it was for foreign shipment, I know we sent some to France.

Q. It says 'Dutch, Swedish, Finnish' and 'Norweigan.'

A. None of that is for Europe, the government never sent any foreign literature such as that across at all.

Q. What does it mean in the Auditor General's report when it says 'for foreign shipment.'

A. They have mixed it up, that is all.

Q. Then this report is not right ?

A. That is not right. I may mention that I think the Auditor General's report says that $110,000 was paid to the North Atlantic Trading Company last year, which is not the case, it is not correct. There has been some mistake in charging up to the trading company something that does not belong to it.

By the Chairman :

Q. Mr. Cory explained that the accounts had not been settled for a number of years, and this last payment was the settlement of three or four years.

A. It was, but even that amount that was paid the last year that I was in the department was some $80,000 odd instead of $111,000.

By Mr. German :

Q. Will you explain how this government first became aware of the fact that this company would bring immigrants into Canada ?

A. Well, the beginning of the whole arrangement, at least the basis of making the arrangement was the fact that we could not undertake to do immigration work at all in certain countries on the continent, that is we could not do it directly and that is the basis of all the arrangements.

Q. Who brought to the notice of the government that this company could do this work ?

A. Mr. Preston was the first one to do so. He had visited the continent and looked into the work that had been done there and found that there was really no work done at all.

By Mr. Foster :

Q. You still consider this a good contract?

A. I do.

Q. You think that the company is going to develop the immigration to a still larger number ?

A. I think they will, but of course there are a great many conditions working against them on the continent. They have to be careful, there was a decrease I think last year owing very largely to the Russian-Japanese war. If you will notice the returns, the Russian immigration ran down from 5,500 to much less than 2,000, and I suppose it affected the Scandinavian as well as the Russian immigration.

Committee adjourned.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
TUESDAY, April 24, 1906.

The Select Standing Committee of the House of Commons on Public Accounts met this day at 10.30 o'clock a.m., Mr. Belcourt in the Chair, and proceeded to the further consideration of the accounts of the North Atlantic Trading Company, as set out at L—26 of the report of the Auditor General for the fiscal year ended June 30, 1905.

Mr. JAMES A. SMART further examined.

By Mr. Barker :

Q. Mr. Smart, you are already sworn ?
A. Yes.
Q. During the time you were Deputy Minister—
A. Would you excuse me, I would like to make a statement to the committee. At the last meeting there were certain questions asked me, quite a number of them, with regard to private correspondence, I find the questions on page 27, 28 and 29 of the transcript of the stenographic notes. On reading this transcript over, it was sent to me for correction, I find that the answers are certainly not very clear, and they appear to be contradictory. At the time the questions were put I was perhaps endeavouring to answer them too quickly and without giving fair consideration to the questions before doing so. I wish to correct what I stated then, at least the meaning of the words that are put into this report, if I may be allowed to do so. I want to say that so far as any private correspondence was concerned with a member of the syndicate, I had no correspondence with any member of the syndicate up to 1904. I had no private correspondence with the syndicate at any time. Everything, every letter that was written to the syndicate will be found on the official files. I had, as I say, no private correspondence with any member of the syndicate, even on private matters, nor on official matters up to 1904. I can understand how I confounded—how the statements were rather confounded—from the fact that I seemed to be here in a double capacity, I am questioned as Deputy Minister and also as agent of the company. I have had a great deal of private correspondence with one member of the syndicate, at least of the company, since I became their agent about a year ago, on matters of interest to the company, of course. But I had no private correspondence of any kind, even up to 1904, on any matter connected in any way, shape or manner, with the contract until after I resigned my position as Deputy Minister and was released from that office. With regard to private correspondence with Mr. Preston, I might say that I never had any private correspondence with him in connection with the North Atlantic Trading Company nor in connection with this contract. I had a great deal of private correspondence with him in regard to emigration from time to time, not particularly perhaps with regard to the work itself so much as to the many difficulties that were encountered, so far as the agencies were concerned. But with regard to the syndicate, or North Atlantic Trading Company I had no private correspondence with Mr. Preston whatever. All the letters I have written in this connection will, I think, be found on those files you have there or the files of the department ; I do not know what files they were placed upon, that is all I have to say.

By Mr. Barker :

Q. Do I understand you that previous to December 31, 1904, you had no communication, verbal or in writing with any member of the syndicate ?

A. I do not say that, I am speaking of private correspondence.

Q. Then you had direct communication ?

A. I met one or two members connected with the syndicate in 1902. That was the first I ever knew of it.

Q. Had you, with these two or any other members of the syndicate at any time afterwards, before you became their agent, correspondence of a private nature relating to immigration ?

A. No, not relating to immigration.

Q. Not at all ?

A. No.

Q. The answers you gave the other day were such as one might readily say may have led you into mistake. I asked you if having private correspondence with a member of the syndicate led to your employment with the syndicate afterwards ?

A. I do not remember that question.

Q. Oh, I asked that question distinctly, and you answered it.

A. I certainly did, yes, I gave answer, but that was in 1904 though, after I had decided to resign.

Q. Oh, but you did not say that.

A. I say that now, not until 1904.

Q. But in 1904 ?

A. During 1904, yes.

Q. And you only resigned on December 31, 1904 ?

A. I think I had spoken to Mr. Sifton with regard to my intention to resign, and I would have left the department during the summer of 1904 or during the latter part of the spring, if it had not been for the session, he asked me to remain through the session.

Q. After all your answer is correct, then ?

A. No.

Q. You did have correspondence with one or more members of this syndicate while you were still Deputy Minister, is not that true ?

A. Yes, I did.

Q. Did not that correspondence lead to the subsequent employment of you ?

A. It may have, yes.

Q. That is not very different to what you told me the other day ?

A. Oh, yes it is, because in the report—

Q. It is substantially what you said the other day ?

A. You will find you asked me about 1902 when I had correspondence with them ?

Q. Have you any objection to produce the correspondence you had with this gentleman while Deputy Minister ?

A. Private correspondence.

Q. Relating to immigration ?

A. It is all on file.

Q. Have you any objection to produce any of the correspondence that you had with any of the members of that syndicate while Deputy Minister ?

A. I have not got the correspondence to produce. I have not kept it, I have kept none of my private correspondence. I destroyed it.

Q. Is that the correspondence you had in your mind the other day when you said you objected to produce it ?

A. I did not say that.

Q. Did you not say you objected to produce it because it was private ?

A. No.

Q. You did not ?

A. No.

Q. When you spoke the other day and refused to produce that correspondence you had in your mind these letters that had been destroyed ?

A. I did not say that, I would like to see the question where it is in the evidence.

Q. I asked—

A. I refuse to produce private correspondence.

Q. When you were asked the other day about the correspondence with a member of this syndicate ?

Mr. MACLEAN (Lunenburg).—Read the correspondence.

Mr. BARKER.—I beg pardon. I have a right to examine the witness in my own way.

Mr. MACLEAN objected to the question.

WITNESS.—I have no objection to saying to the committee that while I was Deputy Minister I wrote to them intimating that I was going to resign, but I had no definite statement until after I was out of office.

Q. You recollect speaking of that correspondence at the last meeting ?

A. Private correspondence ? Yes, I think it was spoken of.

Q. Do you recollect speaking at the last meeting of the precise correspondence that you are now referring to ?

A. Yes, I meant that.

Q. Were you asked to produce it ?

A. I am not aware that I was, no.

Q. You are not aware ?

A. No, because if I had been, I would have said what I say now that I have not now any of my private correspondence. I kept it nearly a year, what correspondence I had while in the department, and when I was leaving Ottawa I had three large boxes and I decided I would not keep any of it, and destroyed it, that is all.

Q. Had you that in your mind when I was examining you last ?

A. I knew it then.

Q. You did not tell us you destroyed it ?

A. There was no occasion.

Q. You did not tell us ?

A. No.

Q. You have no recollection of being asked to produce that correspondence ?

A. No.

Q. You have none at all ?

A. No.

Q. Have you any recollection of saying that you objected to produce correspondence with a member of the syndicate ?

A. No.

Q. You have no recollection of saying you objected to produce correspondence with the syndicate ?

A. I have not.

Q. Have you any recollection of saying that that correspondence led to your subsequent employment by the syndicate ?

A. Well, I cannot say exactly that it did.

Q. In fact have you any recollection of saying that at all ?

A. No. I did not say that at all, I do not think that was mentioned.

Q. Or anything to that effect ?

A. I do not think so.

Q. Give me precisely when you destroyed these letters that you referred to that passed between you and a member of the syndicate ?

A. About, I think, the first of September.

Q. The first of September, 1904 ?

A. The first of September, 1905, last year.

Q. Oh, but I mean the correspondence that you are now speaking of, that took place before you resigned ?

A. That was the time I destroyed it.

Q. Did you not resign on December 31, 1904 ?

A. Yes. I kept it about a year after leaving the department.

Q. You did not destroy it, I understood you destroyed it when you left the department?

A. I went away from Ottawa last year, and before I went away I thought it was wise to burn it.

Q. It was not before you went away from the department you destroyed it ?

A. Oh, no, no.

Q. After you left the department you still remained in Ottawa ?

A. Yes.

Q. And do you recollect, particularly, that this special correspondence was there ?

A. I am satisfied it was there amongst all the rest.

Q. But do you not remember seeing it actually ?

A. Perhaps I did, I saw everything that was burned, nearly.

Q. You looked through the papers, saw everything ?

A. No, I did not look over the papers, but took them out bundle after bundle, and destroyed them.

Q. And you recollect that these papers were there ?

A. I think they were.

Q. Were your letters copied in a copy book, your letters to them?

A. Well, I cannot just say that.

Q. Did you burn the press book ?

A. Yes, I burned everything that I had.

Q. Even your private press book ?

A. Even the private letter books you mean ?

Q. Yes.

A. Yes, everything.

Q. And you also burned——

A. Oh, I had three great big cases to destroy.

Q. How did you do it, burn it or tear it up ?

A. I think I burnt it.

Q. Then you burned the letters written to you by the members of the syndicate?

A. Oh, yes.

Q. During your term of office ?

A. Yes.

Q. You burnt the letter press books containing the replies ?

A. Everything.

Q. Was there anything in them you would not like to have appear ?

A. I do not think so, there was nothing more in it than what I have said.

Q. How many letters passed ?

A. I suppose there were not perhaps more than two or three, three or four; something of that kind.

Q. Two or three each way ?

A. Perhaps that number.

Q. Not more than that ?

A. No.

Q. After your two or three days consideration do you now see any reason you should not tell us with whom you had that correspondence ?

A. I could not tell that because if I did I would violate the confidence which I gave.

APPENDIX No. 3

Q. Has that gentleman ever asked you not to disclose to his associates or any body else his correspondence with you?

A. No, I do not think he has.

Q. He never did?

A. No.

Q. Did he ask you not to disclose it to anybody here?

A. No, I do not think he did.

Q. In what way do you feel yourself in any difficulty about producing the correspondence or telling us who it was or what you corresponded about?

A. Because I understand he was one of the leading members of the syndicate, and if I gave his name I would simply be breaking faith. That is the whole reason and nothing else.

Q. How did you become acquainted with him?

A. I met him in 1902.

Q. Where?

A. When I was on the continent.

Q. At that time you visited the headquarters?

A. No, no, that was in 1904; in the early part of 1904.

Q. Two years before you went to Amsterdam, you went there in 1904, you knew the principal man in the syndicate?

A. I did know one man, I do not know whether he was the principal man, but he was one of them.

Q. And you knew more than one?

A. Yes, I met two of them altogether.

Q. Did you open any correspondence with them?

A. No.

Q. Not at all?

A. No.

Q. You had just met them?

A. That was the first I ever saw or knew of them.

Q. How did you get acquainted with them on that occasion, did you go to them?

A. Yes, I went.

Q. How did you find out where to go?

A. Well, I knew where he lived.

Q. Where did he live?

A. In Germany.

Q. Well, that is rather a large place, how did you find out exactly where they lived?

A. I cannot tell you that.

Q. Had you had any communication with them at all before you went to see them?

A. No, I had none.

Q. Had you any records in the department?

A. Oh, Mr. Preston went with me the first time.

Q. He took you?

A. Yes, he took me there.

Q. What was your object in going to see the gentlemen at this time?

A. Simply to find out what work they were doing and discuss generally the relations of the company with the government.

Q. You and Mr. Preston went together to see them?

A. Yes.

Q. Who was the head of the institution at that time, of the syndicate?

A. I do not know who was at the head of it.

Q. Were either of these gentlemen you saw at the head of it?

A. I think they were the chief members.

Q. But not the acknowledged head or representative of the body ?

A. I do not think so.

Q. Was there any such thing as an acknowledged head?

A. I do not think that there was.

Q. Just it was a combination ?

A. Yes, a syndicate, that is all.

Q. You just went with Mr. Preston to see this gentleman?

A. Yes.

Q. Did that lead to subsequent correspondence ?

A. With myself ?

Q. Yes.

A. No.

Q. It did not ?

A. No.

Q. Was it the same gentleman that corresponded with you subsequently ?

A. That I met then ?

Q. Yes.

A. One of the same gentlemen.

Q. It did not lead, however, to subsequent correspondence ?

A. No. The subsequent correspondence was fully two years afterwards, nearly three years, between two and three years.

Q. When you did have it was it about the business of the syndicate ?

A. No.

Q. About emigration ?

A. No.

Q. Nothing, will you tell me if you had correspondence with a gentleman in England or Germany. If it had nothing to do with immigration—why are you afraid to produce it ?

A. I did not say I was afraid to produce it, I have not got it.

Q. Is it because you are afraid of hurting him?

A. Well, because I know well enough if I gave his name it would be simply giving away the whole case as far as these people are concerned.

Q. That is all ?

A. That is all; that is the only reason.

Q. There was nothing hurtful in the correspondence as regards Germany or anything else, it was perfectly harmless of course ?

A. There was nothing in reference to Germany.

Q. Merely that the correspondence between you and him, any correspondence social or otherwise, it matters not to this committee, I suppose ?

A. I think so.

Q. Nothing at all to do with public matters ?

A. No.

Q. With the syndicate ?

A. No, excepting what I said, that I intimated I intended to resign and go into business for myself. That was all.

Q. Did you open this correspondence or did he ?

A. I can hardly say that exactly, I know that he may have written to me before, I do not remember now, I do not remember that he ever wrote to me, but I never wrote to him before I am sure.

Q. Did you indicate to him that you were going out of the department ?

A. Yes.

Q. What object had you in telling him that ?

A. Because at the time I had firmly made up my mind to leave the department,

and I thought I might be of some use to the government and to the company in carrying on a larger propaganda in Europe, I had years of experience.

Q. Well, you were still in office but were contemplating going out and thought you might be useful as an intermediary between the department and the syndicate ?

A. Yes, and to look after the interests of the syndicate generally.

Q. That led to your employment ?

A. Yes.

Q. Well, now Mr. Smart, will you tell us——

A. I do not say that, I cannot say, that settled it absolutely but that was the first——

Q. It may have led to it ?

A. Yes, it may have led to it, I will put it that way.

Q. I suppose it was what you were driving at, was it not ?

A. I had that in my mind certainly, for one thing.

Q. Will you tell the committee what means the department took or you took as the practical head of that department, to ascertain and know that the money spent by the country went to the syndicate ?

A. Well, all I knew was that the cheques were made payable to the North Atlantic Trading Company and I did not know that anybody else got them.

Q. Did you ever see the cheques afterwards ?

A. Never.

Q. There was no such thing as the North Atlantic Trading Company, you know ?

A. Oh yes, there was.

Q. Not until last year ?

A. Well, I do not know that, I am not so positive about that.

Q. Until you left the department then there was nothing you know of except the sending of cheques or bills of exchange, and they were payable to the North Atlantic Trading Company ?

A. Yes.

Q. And you knew all that time that there was no such corporation ?

A. No, I did not.

Q. Did you not know ?

A. No.

Q. Did you not know it was a syndicate only ?

A. No, I believed it was an incorporated body, I always believed that until last year.

Q. How did you find out then, by asking ?

A. Something came up in the House last year in which some person said that as a matter of fact they had cabled or written to find out if there was such a company, some member I think in speaking said that, and I noticed the report in the papers and immediately wrote to ask the company and then the company intimated it itself.

Q. When you went over in the early days of 1901 to Amsterdam——

A. 1904, Amsterdam.

Q. To visit these headquarters and saw an empty room there locked up ?

A. Yes.

Q. Did you still think it was a corporation then ?

A. Yes.

Q. You did think so ?

A. Oh, yes.

Q. You visited the place——

A. If I thought it had not been I do not think I would have accepted any position under them at all.

Q. At the same time you told me, the other day, that you knew there was a large booking office in the town ?

A. Yes. I said I subsequently learned that.

Q. You only learned that afterwards ?

A. Yes, later on, not then.

Q. I asked you the question : If you went to that office ?

A. I remember the evidence here on that point, it was subsequently.

Q. I asked you 'did you go to that office ?'

A. No, because I did not know then, if I had known——

Q. You did not tell me at that time. I asked you having found that the place was locked up, did you go to the booking office you have mentioned ?

A. I do not think that is in the evidence.

Q. At all events your reason for not going there was not stated at all you think the other day ?

A. I do not think there was any reason given.

Q. Tell me now, what was the reason for not going there ?

A. I did not know then it was there.

Q. You knew there was a booking office ?

A. No, I did not. I did not know anything about a booking office at Amsterdam at that time.

Q. You had gone over to the continent, to Amsterdam, to look up this office?

A. I had gone to Amsterdam with the idea of finding out where they did business in Amsterdam.

Q. To find the booking office ?

A. No, to find the office of the North Atlantic Trading Company.

Q. And finding it to be locked up, and being told as you told us the other day, that the people sent there for their letters it never occurred to you to go to the booking office and ascertain something about it ?

A. No.

Q. You went away then ?

A. Yes.

Q. You said nothing about it to anybody ?

A. I was not alone.

Q. Who was with you ?

A. Mr. De Cœli the agent at Belgium.

Q. What did he say about it ?

A. I cannot remember.

Q. Was he as fully surprised as yourself ?

A. I do not know whether he was or not.

Q. You do not know ?

A. I was not particularly surprised.

Q. You were not surprised ?

A. Not particularly.

Q. You knew that this company had been receiving $200,000 or $300,000 from the government ?

A. Not quite that much at that time.

Q. A pretty large amount?

A. Yes, a large amount any way.

Q. And still you were not surprised to find that place locked up ?

A. No, I was not.

Q. No visible business or person to do business ?

A. No, I was not.

Q. And you said the other day you never spoke to Mr. Preston about that circumstance ?

A. I do not think so.

Q. Nor to the Minister ?

A. Well, I cannot say whether I spoke to Mr. Sifton about it or not.

Q. I think you told me the other day that you did not ?

A. No, I do not think I did, it was Mr. Preston I said I did not speak to, I usually discussed matters of that kind with Mr. Sifton.

Q. You did not report in writing to the minister, did you ?

A. I do not know, perhaps I did.

Q. I have not been able to find any record of it, have you any recollection ?

A. Well, I think I made a pretty full report about it, about that very trip to the old country.

Q. I think I may take it that you told Mr. Sifton either in writing or verbally.

A. No, Mr. Sifton understood the situation just as well as I did. I thought when I went there I could find some person connected with the company and would be able to see how they were operating from Amsterdam.

Q. Having gone over there all that you saw was a locked door with nobody in the office and nothing to indicate the business that was carried on ?

A. No, I saw a sign on the door, the name was on the door, and it was located on the main street of the town, the principal street, I think.

Q. Can you not recall Mr. Sifton's remark when you, in all probability, told him what appeared to be the rather extraordinary incident of your visit ?

A. I am not certain that I told him; very likely I did.

Q. Well, now, to get back to the cheques again, did it ever occur to you especially when you found that state of things at the office, to look up one of the returned cheques ?

A. I am not sure whether I ever looked up that one point, I may have done it, I never saw the cheques after they came back to the department.

Q. But you were practically the responsible head of that department ?

A. No, I think the minister is responsible.

Q. Did you ever take any trouble whatever to see who were endorsing those cheques ?

A. No, I do not think I did.

Q. You did not ?

A. No.

Q. And so it went on from first to last in all these payments ?

A. Yes, all the payments were made to the company.

Q. Now here is a letter from Mr. Scott to Mr. Smart on the 12th February, 1903: 'I beg to inclose you herewith a copy of a letter from Mr. Smith, commissioner at Winnipeg, which I thought you might like to have before you in discussing immigration matters with the North Atlantic Trading Company.' I read that simply to remind you. I need not read the whole letter, some portions of it had nothing to do with this inquiry. 'I had £1,000 cabled to Mr. Preston to pay the North Atlantic Trading Company on account, the day after you left. I had to do it this way as I find that we have not got the continental address of this company on file.'

A. What date is that?

Q. That is in file 113228-3 and is dated on the 12th February, 1903.

A. Will you let me see that please ?

Q. Here it is—the second paragraph of the letter, Mr. Smart.

A. It was in reference to the cheque you asked ?

Q. Yes, it was in reference to the cheque being sent and to the remark that this department here had no knowledge of the address of these people?

A. The department must have had knowledge of the address of these people.

Q. They state not.

A. Excuse me, I think I can show you plenty of letters before that date.

Q. I am taking this letter addressed to you, here it is: 'I had to do it this way because I find we have not got the continental address of these people on the file.'

A. I certainly think he is mistaken about that.

Q. You got that letter from him ?

A. I dare say I did, I do not remember it at all.

Q. How had you been transmitting this money, you must have transmitted a great many sums previously ?

A. I think it must have previously gone through the High Commissioner's office. That is really the High Commissioner, as a matter of fact it does not go to Mr. Preston individually.

Q. But he says to Mr. Preston ?

A. That is quite incorrect, no moneys ever pass through Mr. Preston's hands personally.

Q. You see what he says?

A. But I know.

Q. He sends to Mr. Preston a cable message.

A. I know that, he may say that, but you will find that the cheque, if there was a cheque sent forward in that case——

Q. It was cabling money, a cable no doubt to the bank to honour it.

A. But it went into the official account, there is no doubt about that. What does the cable say ?

Q. Your name is signed to it and it is addressed to 'Torosus.' Who is that ?

A. That is Mr. Preston.

Q. Personally, to 'Torosus, London ?'

A. That is his office address, his cable address.

Q. I will read the whole of it, it is from the department here :

'TOROSUS, LONDON. Pay North Atlantic Trading Company £1,000 on account of bonuses. Am establishing letter of credit to-day. (Sgd.) JAMES A. SMART.'

And there is a note here date '5-2-'03 charge Interior Immigration' ?

A. Yes.

Q. You see the department did send it to Mr. Preston individually?

A. Yes, but they are establishing a credit and that is the usual custom, always has been the method of transmitting money, that was done through the Finance Department, I have no doubt.

Q. There was no irregularity in the sending of it here, I am pointing out that the money on this occasion was cabled to Mr. Preston ?

A. Well, I do not think it was sent to Mr. Preston at all.

Q. You say 'Torosus' is Mr. Preston ?

A. Yes, but the credit was made to the official account.

Q. Well, come back to what I asked you before: Being Deputy Minister, did you take any pains from first to last to ascertain that the money actually went to these people ?

A. No, I do not think I ever did; I did not regard that as my business?

Q. You did not regard that as your business ?

A. No.

Q. Did it occur to you that you had gone over to Amsterdam and having seen what you did there, that it might be well to look into this matter?

A. No, if I remember correctly about that time in nearly every case we sent the cheques direct to the company.

Q. Well, you went to Amsterdam and a few months, or a few weeks perhaps afterwards, you entered into communication with the syndicate ?

A. I beg pardon.

Q. You went to Amsterdam in 1904 ?

A. Yes.

Q. It must have been a few weeks or at most a few months, after that when you entered into communication with this member of the syndicate?

A. The same summer.

APPENDIX No. 3

Q. Was your object when you went over there to see the members of the syndicate with a view of joining them ?

A. No, I had no idea of it.

Q. How long after you got back here from that trip was it before you had communication with them ?

A. Not until after I had made up my mind to resign.

Q. How long was that ?

A. It was months afterwards.

Q. How many months ?

A. It was during the summer months, I came back in the month of March or April.

Q. When did you open this communication, because you resigned in December ?

A. I was released in December, really I intimated to Mr. Sifton my intention of resigning during the early summer, practically, I suppose, about the time I wrote to them.

Q. When you intimated to him that you were about to resign, was your resignation accepted ?

A. No.

Q. You were going out ?

A. I was going out anyway, in any event.

Q. You were surfeited with government work ?

A. I certainly was.

Q. You had enough of it ?

A. I had all I wanted of it but at the time I was over there I had not the faintest idea I would ever represent the company.

Q. Did what you saw at Amsterdam make you doubtful about the company ?

A. No, I will tell you exactly the position. I was extremely interested in immigration work, I became more interested in that perhaps than in any other phase of the department's work, and I had the idea I could promote the interests of immigration in connection with that company especially with regard to Germany and Scandinavia by plans which I had in my mind and by which, if I were allowed even now to put into operation I am satisfied I could bring out from 15,000 to 20,000 immigrants from those two countries in each year.

Q. You were not abashed at all by what you saw in Amsterdam?

A. No, I was not particularly.

Q. You did not make any inquiry ?

A. No, when I went there it was in the hope that I would meet with somebody connected with the office but there was nobody there.

Q. Even when you began to think of throwing in your lot with them, did you not make some inquiry then?

A. No, I did not, because I knew who were really behind the company, at least I knew the people were responsible people or I thought so.

Q. Who first suggested their becoming incorporated after the speeches that have been referred to in the House?

A. I do not know, I did not know they had this English incorporation until about two weeks ago.

Q. You did not know perhaps why they had it ?

A. I did not know they had it.

Q. But after the attacks, if I may so call them, in parliament last year by Mr. Osler and some other gentlemen that you are aware of ?

A. Yes.

Q. Was any suggestion made by you or anybody else that they should be incorporated ?

A. No.

Q. There was none at all ?

A. None at all.

Q. After you joined them in 1905 did you suggest it then ?

A. No, excuse me that was in 1905 the discussion you speak about.

Q. When you joined them, it was after 1904 ?

A. Yes.

Q. I think you had correspondence before December, 1904, when you entered into that communication, you knew then there was no incorporation, when you first wrote those private letters.

A. When I first wrote the private letters ?

Q. In 1903 when you entered into negotiations with the syndicate ?

A. To complete the thing, to become their agent ? Yes.

Q. You knew then that they were not incorporated?

A. No, I thought they were.

Q. Did you hear all about the debate in parliament and what was said ?

A. That debate in parliament was in June or July, I think.

Q. 1904 ?

A. No, in 1905, last year.

Q. Was there not a discussion in 1904 ?

A. No, I think there was no discussion in 1904 in parliament. There was none at all, I am sure.

Q. How does it happen that they so promptly after you joined them did become incorporated, can you account for that ?

A. No, I cannot. As I say I wrote and asked them and they wrote back and said they were incorporated.

Q. Have you any objection to producing that letter ?

A. Well, if I had it here I could tell you that. I could not answer it without seeing the letter.

Q. You did write to them ?

A. I did.

Q. What did you write to them about ? To tell you that they were incorporated ?

A. Well, I suppose in writing to them on perhaps some general subject or some subject of interest I perhaps incidentally mentioned the matter. I am not sure about that. I may have written expressly for that purpose.

Q. Did you advise them to become incorporated ?

A. No.

Q. You did not ?

A. No.

Q. Do they never consult you about getting incorporated ?

A. No, never.

Q. Did they to your knowledge consult Mr. Preston ?

A. I cannot say that, I do not know.

Q. You never heard that they consulted Mr. Preston ?

A. No.

Q. You do not know that they went away from England to the Island of Guernsey to get incorporated ?

A. No, I only saw that about two weeks ago.

Q. You were surprised to find that ?

A. I was surprised when I saw that.

Q. Do you know any one of these incorporated ?

A. Well, if I had the names I could say.

Q. Well there is an inn-keeper to start with, a tavern-keeper.

A. I do not know those people.

Q. Did you see the names as they were read out ?

A. I knew nothing about the incorporators at all.

APPENDIX No. 3

By Mr. Maclean (Lunenburg) :

Q. You did not know that this company has an incorporation at all?
A. No, but I judged they were incorporated from the correspondence.
Q. It is quite possible they have a Holland charter ?
A. Yes.
Q. At least you do not know that they have not ?
A. No, I do not know.
Q. It is possible that they acquired this English charter for some other purpose ?
A. May be, I do not know what their purpose is.
Q. You do not know what their purpose is ?
A. No, I do not know what their object was in acquiring that charter.

By Mr. Barker :

Q. Now in all your correspondence with them—you were their agent in Canada or whatever your exact position is—did you ever hear of a member of a syndicate named Edward Sainsbury ?
A. No, I never heard of him.
Q. Hotel proprietor ?
A. No.
Q. Did you ever hear of Alfred Hindley Alexander ?
A. No.
Q. Engineer ?
A. No.
Q. John Alfred Randall, articled clerk ?
A. No.
Q. George Thomas Hyde Downey, solicitor's clerk ?
A. No, where do they live Mr. Barker ?
Q. There are various places, all around London ?
A. No, I do not know him.
Q. I will give you all the addresses if you would like.
A. I do not suppose I know those names anyway.
Q. Henry James Whitman, Cheswick ?
A. No.
Q. John Henry Stephens Thompson, Epsom, chartered secretary. I do not know exactly what that is.
A. No.
Q. Charles Guy Underwood Wood, solicitor's clerk ?
A. No.
Q. These are the incorporators, you have never heard of them in connection with the syndicate ?
A. Never.
Q. Do you know now who the real people in the incorporation are ?
A. Not all of them. I know some of the company.
Q. You know some of them ?
A. Yes.
Q. You are not one of them ?
A. No.
Q. In no shape or manner ?
A. In no shape or manner and never was.
Q. You have no share in it ?
A. No.
Q. What is your exact title and office here ?
A. Simply agent for the company.
Q. Just Canadian agent ?

A. Canadian representative, I think they call me.

Q. You are not one of the men behind that fictitious syndicate ?

A. No.

Q. Have you ever endeavoured to ascertain who were all the parties interested in this ?

A. No. I did write to the company, I think two or three months ago, two perhaps, and told them that I had no doubt that a demand would be made upon them for the real names of this syndicate.

Q. That was the letter you referred to the other day ?

A. Something of that kind, yes. That is all.

Q. That is all you had ?

A. That is all, yes.

By Mr. Maclean (Lunenburg):

Q. About the incorporation of this company, you say that so far as you knew or so far as you believed, it was an incorporated company ?

A. Yes, that is what I always believed.

Q. At least it was always in your mind that it was an association ?

A. Well, I do not know whether you would call it a joint stock company. I thought it was a legally organized institution.

Q. And when the agreement stated this to be a body corporate I suppose you assumed that they were ?

A. Yes, I always thought they were.

Q. Now regarding secrecy, I notice a letter from Lord Strathcona to the Minister of the Interior stating that on no account are the names of this syndicate, this company or corporation or whatever you wish to call it to be made public ?

A. On the file ?

Q. There is such a letter on the file from Lord Strathcona to the Minister of the Interior stating that in no case or for any reason whatever, should the personnel of this corporation or company be made public. Would not that statement from Lord Strathcona lead to directions from the head of your department to all the officials to maintain a certain amount of secrecy ?

A. If he said that, certainly it would.

Q. Even if it were not illegal for this company to carry on an emigration propaganda in Europe would there be any other reason that you know of why it would be undesirable to disclose their names ?

A. No other reason that I know of.

Q. If the fact that they were an organized syndicate known to the government or to the country would they not be under the surveillance of foreign governments ?

A. If it were known, yes.

Q. They would ?

A. Yes.

Q. But if they were organized under the name say of the Canadian Immigration Company would they not be watched more ?

A. No doubt.

Q. They would ?

A. Yes.

Q. There is no particular reason, so far as you know Mr. Smart, why they should have had in Amsterdam a large office was there ?

A. No.

Q. This company was not supposed to keep the literature stacked up as the old booking agents used to do in the 1880 way ?

A. Not if they were attending to business.

Q. They were supposed to ?

A. Yes.

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Q. They have travelling agents all through Europe ?

A. So I believe.

Q. They were not supposed to come home to Amsterdam on a Saturday night and live in this office, were they ?

A. It was not a matter of importance to us whether they did or not.

Q. In your judgment it is not a fair and reasonable objection that this company had too small an office in the city of Amsterdam?

Q. There was no particular point in that at all that I can see.

Q. They had offices in other parts of Europe, or did they.

A. Not under their name directly.

Q. Now I want to ask you a question or two about the Jewish immigration which you stated took place or came to this country a few years ago and which was assisted by Baron Hirsch according to a speech delivered in parliament the other night. This Jewish Society advanced $40,000 or $50,000 to assist them ?

A. Yes.

Q. And do you remember what the number was of these particular immigrants ?

A. I think something over 300. I should think speaking at the moment between 300 and 400 people.

Q. Did they all belong to the agricultural class ?

A. They were so returned, I think.

Q. Do you know upon how many the bonus was paid ?

A. No, I cannot say, but it was paid only on a proportion because we found out after they came that a number of them left good farms within a few months before the bonus statements were sent out for the year, and we had to make an estimate as to the number of people who had remained.

Q. Where did they go to ?

A. A great many came into Winnipeg. This settlement was north of Fort Qu'Appelle.

Q. And you say the bonus was paid to how many ?

A. Well, perhaps 150 to 200, something like that.

Q. Now if this contract had not been made with the North Atlantic Trading Company and the old policy that had been in vogue from 1883 to 1899 had remained in force would not the same bonus have been paid to booking agents ?

A. If they had booked the emigrants, of course.

Q. They would have got it just the same as the North Atlantic Trading Company ?

A. In the case of those that were returned as farmers, of course.

Q. Was there ever any similar emigration of Jews into Canada before who were assisted by the Hirsch Society ?

A. Yes, there is a colony in Southern Assiniboia. They are people that were brought out, I think, about twelve or fifteen years ago by the Hirsch Society under some arrangement with the government at that time.

Q. And did the booking agents in Europe receive a bonus in that case ?

A. I have no doubt they did.

Q. I wish to ask you in regard to the method of examination employed at the ports of entry. A ship containing emigrants from the continent of Europe lands its passengers say at Halifax. Are the names taken of all those emigrants by an officer of the department ?

A. Yes, the names are on the manifest. They check the names as they come before them with the manifest.

Q. Do they make up a separate statement, the government officials ?

A. No, not now. They used to make a separate statement.

Q. Do they inquire as to their nationality ?

A. Yes.

Q. And their destination ?

A. Yes.

Q. At the port of departure ?

A. No, not at the port of departure. That appears on the ship's manifest, which gives their destination, occupation, age, and one or two other matters that are made the subject of questions. These facts appear on the manifest and they check over and correct the manifests.

Q. These immigrants usually have their transportation secured ahead to some point in the interior?

A. Yes.

Q. They do?

A. Yes.

Q. After they land from the ship and are on the train are they accompanied by an officer of the department?

A. Yes, that is the rule.

Q. When they get to say Winnipeg, are they there met by an officer of the government ?

A. They are met by an officer of the government there.

Q. Who assists them ?

A. Yes, who looks after them on their arrival; they generally go into the immigration building and from there they are distributed by special trains, if there are large numbers, to their different destinations.

Q. Supposing one hundred settlers of the agricultural class reached Winnipeg and settled somewhere within that vicinity and within a few months afterwards they went to the United States, have you any method with respect to that ?

A. Oh, yes.

Q. By which the government of Canada could ascertain if those men had gone ?

A. Oh, yes.

Q. How is that done ?

A. Well, the American government have commissioners at Winnipeg and at various points along the international boundary, the headquarters for Canada being at Montreal. I understand that every customs officer of the United States is also an immigration officer to prevent any persons crossing the boundary who have not appeared, that is any foreigners, before the commissioners and been examined medically and as to their intentions in going to the United States, and various other matters. If they hold a certificate that they have been examined and that they have been passed by the commissioners they are allowed to go on by the payment, I suppose, of the poll tax. But if they have not that certificate they are not allowed to enter the United States.

Q. They are not ?

A. No. Under this system the American commissioners by arrangement with the department report regularly to the government here the names of those who have applied to be allowed to go into the United States and whose application has been granted. These lists are all gone over and in that way the number is ascertained who have been put to the credit of the company for bonus and the names are struck off. The names are deducted after the lapse of two or three years, if necessary. Even if it were two years after they would be deducted.

Q. Do I understand then that if the North Atlantic Trading Company received £500 for one hundred immigrants who actually stayed in the country and it was ascertained later that they had left Canada and gone to the United States, this amount would be deducted from payments to the company the next year?

A. The rule has been to deduct it year after year.

Q. That has been the practice ?

A. Yes. One year there were nearly 1,100 deductions made from their account for that reason.

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Q. These emigrants on landing here are not met by the agent of the North Atlantic Trading Company, but by an officer of the government ?

A. By an officer of the government. The company has nothing to do with them at all, in fact the government have refused to allow the company itself to have an officer on the docks.

Q. They have refused?

A. They have refused to do that, which is a remarkable thing in my opinion.

Q. So that the company has nothing to do with the counting of immigrants ?

A. They have nothing to do with it at all. They have to take the word of the government.

Q. They must accept the statement of the government ?

A. Certainly, that is right.

Q. When cheques were issued to the North Atlantic Trading Company under your directions or that of a minister, it was not the practice for you to see those cheques again, was it ?

A. Never. I do not think I ever saw one after.

Q. They would go through your office and the Auditor General's ?

A. Certainly, and the chief accountant of the department.

Q. This North Atlantic Trading Company, or organization, or whatever you choose to call it, was it organized, or suggested by you in the first instance or by the London office ?

A. By Mr. Preston.

Q. By Mr. Preston ?

A. Yes. He stated that he thought that we could come to some arrangements with leading booking agents to organize a syndicate to carry on our work, rather than by the old system of paying bonuses to individual agents, who he said did nothing but sell the ticket and draw the bonus.

Q. In the last contract there was a limitation as to the gross number that could come from certain countries in southern Europe, that is, there was a maximum number.

A. Yes.

Q. The bonus would be paid on the maximum number. Would that be a restriction against the company?

A. Certainly it was against the company, there was no doubt about that.

Q. It was stated in the House the other night that the reducing of the available territory for the carrying on of the emigration propaganda was in the interest of the company?

A. I cannot see that. We took away, I think, Belgium, Northern Italy, Servia, Roumania, Bulgaria. In the last arrangement we made we cut them off. We made the restriction instead of paying on the full number of Galicians, Buckowinians and Polanders that we would not pay on more than 5,000. We did away with the money standard which proved to be very unsatisfactory and unworkable.

Q. Now before you talk about the money standard, I want to know why this restriction was made as to the Galicians and the other two classes? Did the country want any more than that per year?

A. Yes, I think they did. I think the west generally is satisfied with all these classes, but we felt that the company did not require to put forth the same effort, that this country was sure to get the Galicians and those other classes, for the reason that so many of them had already emigrated.

Q. How many?

A. I think upwards of 40,000 are in the Northwest now.

Q. So this restriction did not do more for the company in your judgment?

A. Well it gave them less money.

Q. That is mathematically true?

A. There is no question about it. For the three years that was fixed the company lost $30,000 or $40,000 in money.

Q. Under the first agreement each immigrant coming in was to have $200 ?

A. I think so, yes. I do not remember the amount.

Q. And it was found difficult to adjust the account as per money between the company and the government?

A. We always had difficulty in carrying it out.

Q. What was the trouble?

A. The trouble was that the people would not tell the seaport officers what money they had. They would show them the smallest change they had in their pockets and at the same time they had larger amounts. In other cases we would find one man possess a very large amount of money, maybe 9 or 10 or 15 or $20,000, while all the people with him, the whole community with him would have but $5 or $10. It turned out in that way. I was informed on the other side, they had appointed this man, who held the large amount as their treasurer to take care of their money. The result was that when they came to the ports they were reported as practically having no money when, as a matter of fact, they owned considerable. Then we found out too, that the statements made in regard to money were incorrect. We found that from the reports of the officers on the trains who also I think checked up at that time the amount of money and found they had two or three times the sum that was reported at the port.

Q. The financial account in London was under the control of Lord Strathcona?

A. Yes.

Q. The telegram to Preston was not intended that he should actually and physically hand the authority to the bank and obtain certain amounts of money ?

A. I am satisfied he never did it. Lord Strathcona signs every official cheque.

Q. Mr. Preston is inspector is he not ?

A. He is commissioner now.

Q. He was called an inspector at one time ?

A. Yes, he is regarded as an inspector too. His position really includes inspection.

Q. Does he visit Europe ?

A. Yes, he keeps himself in touch with it, but his work is chiefly in the British Isles.

Q. I want to ask you a question or two about this private correspondence. Did you have much correspondence with this member of the syndicate so far as you can remember ?

A. Oh no.

Q. What would it amount to ?

A. I do not suppose it would amount to more than two or three letters altogether. I would not think any more than that.

Q. Had you met this particular person with whom you were in correspondence when you were in Europe ?

A. In 1902, yes. But I want to be very clear in the fact that in any correspondence I made no reference to any contracts or to being in a position to help the company in any shape or manner, because there was a question came up before I left the department in connection with which I wrote back to this gentleman and told him that so long as I was in the department I represented the government, and I could not discuss the subject.

Q. He wrote a letter to you ?

A. On some particular matter, I have forgotten what it was now. We had some difficulty which came about from the report of the Commissioner of Immigration at Winnipeg, J. Obed Smith. In Mr. Smith's report, I think it was for the year 1901-2, he enlarged on the continental emigration, or at least on the foreign emigration, as he spoke of the enormous number of Scandinavians who had come in. I think he

named 6,000 or 7,000 or something of that kind, and also Germans, of whom there were a large number. In his report he stated that of the 6,000 or 7,000 Scandinavians who came in fully 95 per cent went on the land. Well the company got hold of that report and when I went there in 1902, they presented me with this report and told me how much short they were of the return we had given them. I simply told them Mr. Smith's report was not an official one—that while it was an official one in one sense it was not official in the sense that we could adopt it as the basis for paying the bonuses, and I remember afterwards, it came in since I have been acting for the company that the company wrote me respecting that very subject, expecting me to take it up with the department. I wrote back and told them I could not do that, I did not think they were entitled to the money and I would not ask for it.

Q. You say these private letters amounted to two or three, is that correct ?

A. Yes.

Q. They were in the year 1904 ?

A. Yes.

Q. And not in 1901 ?

A. No.

Q. They were in regard to matters of the company ?

A. They had nothing to do with the company's accounts.

Q. The relations between the company and the government I mean ?

A. Not at all.

Q. Do I understand you to state that in one of the letters you intimated to a member of this syndicate that you were leaving the employ of the government ?

A. Yes, I did.

Q. Do I understand that you asked directly for a position in the company ?

A. No, I did not.

By Mr. Northrup :

Q. What was the date of your visit to the head office of this syndicate at Amsterdam ?

A. I think it was in February.

Q. What year ?

A. 1904.

Q. You stated you were not surprised to find the character of the office.

A. I was not surprised, no.

Q. Had you seen the annual statement of the North Atlantic Trading Company prior to that ?

A. No.

Q. Just think, Mr. Smart.

A. I never saw the statement of the company at any time.

Q. You never saw the statement sent in to the government of their expenses ?

A. Oh, yes, I have seen that certainly. I thought you meant the statement of the——

Q. Sent to the government each year ?

A. I think I have seen every one of them.

Q. Do you remember seeing the one for the year ending June, 1902 ?

A. I must have seen it. I do not remember though.

Q. Do you remember that in that account there was a large sum charged for office expenses, at the head office ?

A. I cannot remember, I cannot recall it now.

Q. I will give you the figures. The amount is 30,529 marks for office rent, salaries to clerks, postage and commission ?

A. About $8,000.

Q. Do you remember that now ?

A. Well, I do not remember, it is in the statement.

Q. Do you remember your assistant, Mr. Scott, calling your attention to it in a report of June 11, 1903 ?

A. I remember not about that particularly but the whole account, I think he spoke of it to me.

Q. You do not remember that in particular ?

A. I do not think so.

Q. Did it not strike you as odd that a company that charged $8,000 for expenses at the head office should only have one empty room ?

A. No, I do not think so, not in their method of doing business because I knew their postage account would amount to half of that.

Q. From this office ?

A. It would all be charged to the head office and I fancy there would be included in that a large number of the outside offices which would be called head office.

Q. So you console yourself with the idea that this $8,000 was made up of the postage of the whole concern ?

A. Oh, I was satisfied.

Q. Then you have evidently forgotten have you not the seventh item of that bill of 1902 : ' Remuneration of different sub-agencies for postage and propaganda 12,300 marks ' ?

A. The first had nothing to do with the other.

Q. Nothing to do with the other when you say all the postage was charged up to the head office?

A. I did not say that. I said there were large offices where they did business and they would not put in an account from office to office but they put it in the head office bill. But it does not include all the postage because they have offices in Scandinavia and different other places.

Q. Would you like this Committee to understand that the bulk of this sum of 40,000 marks was made up of a postage bill ?

A. I did not say that.

Q. How would you explain it ? I find here head office rent,—that would not be very much with an empty room : salaries to clerks when there are no clerks, postage, and commission when there was nobody there, 32,000 marks. Later on I find remuneration to sub-agencies for postage and propaganda amounting to 12,325 marks ?

A. Yes, there would be 11,000 marks postage easy enough.

Q. Outside of the head office ?

A. There might be.

Q. Then you do not think the bulk of the postage was at the head office, do you ?

A. I cannot tell that. I do not know that I thought anything about it at all.

Q. Well, you still stick to it that you do not know of any Amsterdam office to which that account applies excepting that one empty room ?

A. I think when Mr. Scott drew my attention to that it was before they had started there at all. Let me see the thing.

Q. I can give you the page of the file. This is my copy of the file and Mr. Scott's report is dated June 11, 1903 ?

A. I suppose it is there if he says so. If Mr. Scott made the report I do not remember anything about it. I remember his speaking to me about it but I do not remember if he made a report.

Q. Is your memory as good as most peoples' memories.

A. I do not know.

Q. Is it a memory that you yourself think sufficiently good in stating any fact to this Committee ?

A. I do not think I should be asked a question in that way.

Q. I am going to test your memory.

A. I do not think that was a fair question.

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Q. I ask you if yours is an ordinarily good memory.

A. I think I have an ordinarily good memory.

Q. Do your best then to see if you can recollect that Mr. Scott made any report to you on June 11 ?

A. I do not remember. I remember his speaking to me about the account.

Q. Did you write any letter about that time, June 12, 1903 ?

A. I cannot tell you that.

Q. You cannot tell me anything about that ?

A. No.

Q. Do you remember writing any letter about this very account referring to what Mr. Scott reported to you ?

A. I cannot remember that I wrote any letter.

Q. You have told my learned friend that when immigrants left Manitoba and went to the States the company was asked to refund, did you not ?

A. No. The amount of the bonus the company had been allowed previously would be deducted.

Q. Well, that is the same thing.

A. Well I suppose it would be the same thing.

Q. By your original contract in 1899 all that was required was that the immigrants should land and then the company was entitled to payment on them, was it not ?

A. No, we never considered it fair or right to give that bonus on people who went to the United States.

Q. Was it not the fact that under the contract all the company had to do was to deliver the goods at the port and then you had to pay ? Do you not know that particular fact ?

A. I do not know that.

Mr. Maclean (Lunenburg) objected to the question, holding that the contract should be allowed to speak for itself.

By Mr. Northrup:

Q. The contract is not before us now. I am asking you if you did not know when you were deputy minister that under the terms of the contract all that was required was to deliver the goods ?

A. I do not remember, but it does not make any difference whether I do or not. We acted under the assumption that we had the right to deduct those who went to the States.

Q. When you were deputy minister did you know there was a tremendous leakage of these people from Manitoba ?

A. A leakage from Manitoba ?

Q. A tremendous leakage ?

A. No, never.

Q. You do not know that ?

A. No.

Q. Did you ever hear of a man named George A. Johnson ?

A. The statistician ?

Q. I do not know whether he is statistician or not.

A. I think he is the only man——

Q. Who wrote to you on the 30th December, 1902, with regard to meeting a number of Germans between Montreal and Winnipeg, seven families, and finding they were all going to the States ? Do you remember that ?

A. No.

Q. Do you remember in consequence of that letter from Johnson you yourself

wrote out to Winnipeg and asked the officials there to ascertain if it was true that there was a leakage going on ? That was in the month of January, 1903 ?

A. I do not remember.

Q. You do not remember ?

A. No.

Q. Do you remember getting half a dozen telegrams day after day from Mr. Obed J. Smith, immigration commissioner at Winnipeg, telling you this leakage was going on ?

A. I do not think I did.

Q. Well, if you do not, I will give you the dates.

A. Half a dozen telegrams a day, was it ?

Q. Half a dozen, just telegram after telegram ? Do you remember getting a report from Mr. Smith, this was in January, 1903, that within a few months 556 immigrants had gone to the States ?

A. I do not remember that.

Q. Do you remember in that same month, January, getting a further report from Mr. Smith that in the last six months 1,500 of these immigrants had gone to the States ?

A. No.

Q. You do not remember that? Do you remember getting a report that same month of 1903 from Mr .Smith that the C.P.R. was carrying immigrants to Emerson at $15, and that the American roads were charging $33.56 to Pembina?

A. I remember there was something of that kind.

Q. Do you remember the report ?

A. No, I do not remember any of these reports. I knew that was a fact, at least I understood it was a fact.

Q. If your name is attached to letters to Mr. Smith or Mr. Moffat, who was in charge at that time in Winnipeg, would you deny that was your signature?

A. Not if it was my name, I would not.

Q. And yet you have no recollection?

A. What I have no recollection of is that I have received those reports. I have a recollection that it was being carried on—that is these numbers of people were taken to Emerson and to Gretna and other points with a view of going to the United States. the reason of that was that the Canadian Pacific Railway immigrant rate was much cheaper.

Q. That is what I have stated?

A. But I do not remember the reports.

Q. But the fact remains that you knew while you were Deputy Minister that immigrants were taken by the hundreds and thousands over to the States?

A. Yes.

Q. Immigrants on whom you were paying a bonus?

A. I do not know that. Some of these may or may not have been taken to American points.

Q. Do you forget that your agents at Winnipeg sent you the information that these were your immigrants and gave you the names of the steamers on which they had come ?

A. Well, they were immigrants——

Q. Your immigrants?

A. What do you mean by 'Your immigrants?'

Q. Your North Atlantic Trading Company?

A. No. I do not think I said that. I do not think they ever mentioned the North Atlantic Trading Company.

Q. But they gave you the names of the people and the names of the ships?

A. If they gave us the names and if it was a fact we would have deducted them, that is all I can say about it.

Q. How many did you deduct from the North Atlantic Company's account?

A. I do not know. I know they were deducted from the North Atlantic Trading Company's account. I remember they only got credit for the continental emigrants that came to Canada. That was all they got credit for.

Q. That landed in Canada. How many do you say were deducted?

A. 2,500 to 3,000.

Q. How many do you swear were deducted because they went to the United States?

A. I say to the best of my recollection there were fully 2,500 to 3,000.

Q. That you did not pay for?

A. That we did not pay for.

Q. Your accounts are not closed yet with the company?

A. Not for this year.

Q. Not for any year? Have they not an open account?

A. They have not been paid for all they are entitled to.

Q. The company is claiming they are entitled——

A. I am claiming for the company.

Q. That you are entitled to more money than the government is willing to pay you?

A. Yes, a large number of names.

By Mr. Fielding:

Q. I want to put some questions to you bearing on the cablegram. Mr. Barker examined you with reference to a cablegram on February 5, 1903, addressed by you to Mr. Preston in London, to his cable address, and which Mr. Barker, I think I am correct, described as the cabling of £1,000 personally to Mr. Preston?

A. Yes.

Q. Will you look at that telegram again?

A. I did not see the telegram at all.

Q. Here it is. Read it aloud, please.

A. (Reads). 'Torosus, London. Pay North Atlantic Trading Company £1,000 on account of bonuses. Am establishing letter of credit to-day. (Signed) James A. Smart.'

Q. That was a direction, was it not, to the emigration service in London to pay a given sum of money? Did that cablegram in itself put Mr. Preston in possession of one dollar?

A. No, of course not.

Q. Was he able on that telegram alone to have received one dollar?

A. Not without Lord Strathcona's signature.

Q. Was it not the practice of the department that all credits were placed to the joint names of Lord Strathcona and Mr. Preston?

A. Yes.

Q. Would it not be reasonable to infer from that, therefore, that Mr. Preston did not receive that money personally?

A. I am certain he did not.

Q. What was the date of the cablegram?

A. February 5, 1903.

Q. Now look at this cheque (exhibiting cheque), what date does it bear?

A. (Reads). February 6, 1903, The Bank of Montreal, pay to the order of North Atlantic Trading Company £1,000 on account of the Department of the Interior. (Emigration). Strathcona, High Commissioner.'

Q. Who is it countersigned by?

A. W. T. R. Preston.

Q. Is it not clear, therefore, that that money which Mr. Barker described as having been sent personally to Mr. Preston was never sent personally to Mr. Preston?

A. It never was sent to him.

Q. Is it not clear that the practice pursued was to place money to the credit of Lord Strathcona and Mr. Preston?

A. Certainly.

Q. And was not that cheque issued in the usual manner and signed by Lord Strathcona and Mr. Preston?

A. It was.

Q. And therefore the whole story of money being sent personally to Mr. Preston is a mistake?

A. Certainly, there is no doubt about it.

By Mr. Stockton :

Q. I think you have already stated that you found the North Atlantic Trading Company was an incorporated company, incorporated under the laws of Holland?

A. Yes.

Q. Have you any knowledge of the laws of Holland regarding the incorporation of companies?

A. None.

Q. You never inquired?

A. No.

Q. Then when you were sending the money to the North Atlantic Trading Company did it ever occur to you what the powers of the officers were to sign cheques or to give releases?

A. No.

By Mr. Northrup :

Q. You read a cable to Mr. Preston saying that a thousand pounds was sent to him?

A. That cable, yes.

By Mr. Fielding:

Q. Read the cable, that is not what it says.

A. No, bill of exchange, a credit had been established.

Q. A cable was sent to Mr. Preston?

A. To his office, yes.

By Mr. Northrup :

Q. Here is a cable of February 5 to Mr. Preston : 'Torosus, London, Pay North Atlantic Trading Company one thousand pounds on account of bonuses.'

A. Yes.

Q. 'Am establishing letter of credit to-day. James A. Smart.'

A. Yes.

Q. Mr. Preston was directed to pay the North Atlantic Trading Company £1000?

A. Yes.

Q. He would draw that money from the bank ?

A. No.

Q. How would he get it?

A. A credit would be established.

Q. Through money from the bank?

A. No money would go to the credit of the agents in London.

Q. This cheque was paid to the North Atlantic Trading Company by Preston?

A. By Lord Strathcona and Preston.

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By Mr. Foster:

Q. Just one point. I may be all wrong as to what was the point in this. It seems to me it was something like this. I will try and bring it out. Where were you on February 12, 1903?

A. 1903. It is pretty difficult to tell. I am not certain whether I was in the old country or here.

Q. What time were you at Damrack street?

A. That was in 1904.

Q. Where were you in 1903 at the time this letter was written? This letter was written, Ottawa, February 12, 1903.

A. I was perhaps here.

Q. Well, the letter is written by Mr. Scott to Mr. Smart, care of Mr. W. T. R. Preston, Commissioner of Immigration.

A. Then I was in the old country.

Q. Then you were not in Ottawa at that time?

A. No.

Q. Mr. Scott has occasion to send money or has occasion to order that money be paid out to the company, £1,000, and he writes you this letter: 'I had £1,000 cabled to Mr. Preston to pay the North Atlantic Trading Company the day after you left.' You were not here. 'I had to do it this way as I find that we have not got the continental address of this company on file.'

Q. Yes.

Q. That is Mr. Scott's letter to you?

A. Yes.

Q. The whole point that was striven to be made was this, that in your office no one in your department had the continental address of the company?

A. I do not think Mr. Scott or his officers could have the file, or they would easily have the address.

Q. That is what he says?

A. There is no question about it.

By Mr. Fielding:

Q. The point was that this money was sent personally to Mr. Preston. Now, the record shows that it was sent to the joint credit of Lord Strathcona and Mr. Preston, and that Lord Strathcona signed the cheque.

By Mr. Foster:

Q. One or two questions. I think Mr. Maclean asked you if this company had travelling agents all over Europe?

A. I understand so. I understand they have.

Q. How far does your understanding go? Do you know that they have?

A. I do not know that, I had the assurance of the people themselves.

Q. Did you ever have a list of their agents?

A. No.

Q. Did you ever try to get a list of their agents?

A. No.

Q. There was no such list in your department?

A. No, not that I am aware of.

Q. You never had any list of agents by which to check up accounts for agents' expenses?

A. No.

Q. You said they had offices or agencies everywhere in Europe?

A. In many points, I said.

Q. Have you, or had you, any list of those agencies?

A. No, I mentioned here the other day—--

Q. Had you any list of those?

A. I cannot say that I had.

Q. When you came at the end of each year to look over their accounts for expenditures in which they charge for rents and for agents and other travelling expenses and the like of that, had you any list of their authorized offices or agencies throughout Europe?

A. No.

Q. By which you checked up these accounts?

A. No.

Q. Did you take any steps to check these yearly accounts in any way?

A. Yes, I have. We wrote to Mr. Preston that it would be his duty to check up the accounts and get what evidence he could as to the correctness—I am not sure about it.

Q. You did not here in this department take any such step to check these up?

A. I cannot say that we did not.

Q. Did you?

A. I won't say that.

Q. You have said you had no list of their agents?

A. No.

Q. Then, when their accounts came over for agents' expenses and general expenses you had no list to compare with them?

A. No.

Q. You took no steps, for instance, like sending a man to these countries to find out just what their agencies were, how many they had, and if they were honest?

Q. No.

Q. With reference to the distribution of literature, do you know how much literature they distributed in any one year?

A. What do you mean—in value or——

Q. The pamphlets that they had distributed—in numbers?

A. The statements are on the file as to the numbers.

Q. What statements?

A. The statement from the company as to the amount distributed. They sent samples of all of them for the department.

Q. They sent a statement of what they distributed and samples?

A. Yes.

Q. Did you take any steps at all to check these?

A. No; I think they were not only certified accounts but I think sworn to as well.

Q. Were they sworn?

A. I am not sure; some of them were.

Q. Did the contract call for sworn statements?

A. No; but it asked for vouchers.

Q. The contract required receipted vouchers?

A. Yes, I think so.

Q. Did you ever ask anything more than receipted vouchers?

A. I am not sure whether I did or not.

Q. You do not know that you did?

A. I cannot say now.

Q. You would not swear?

A. No, I would not swear.

Q. You would not swear that you took the ordinary precaution of going behind a creditor's own statement, the man to whom you owed the debt?

A. No, because they were vouchers.

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Q. They were receipted vouchers?
A. And in many cases there were affidavits attached to them.
Q. In some cases you think?
A. I know there were.
Q. In how many cases
A. I do not know.
Q. A large proportion?
A. Yes; I am not sure——
Q. In all cases?
A. I rather think so.
Q. You will swear then, that affidavits were attached to all these?
A. Yes, I think there were affidavits in every case.
Q. And with the receipted voucher?
A. Remember, I cannot recall every case.
Q. Well, you swore that?
A. That was my impression.
Q. You have an impression that in every case there was an affidavit?
A. Yes.
Q. As well as receipted voucher?
A. Well, I cannot say there was a receipted voucher. It seems to me—I know one year the question came up as to the bonus they paid to local agents. They had to make an estimate of that because they had no return from the department to know what to pay.
Q. Have you got an affidavit? Who swore to that affidavit?
A. I think a man named Kohan.
Q. Who was Kohan?
Q. I understand he was the secretary of the company.
Q. He was the secretary of the company?
A. Yes.
Q. And he made an affidavit?
A. Yes.
Q. In every case?
A. I think so.
Q. Do you know Mr. Kohan?
A. I have met him, yes.
Q. Then you asked for a receipted voucher or an affidavit of the secretary of the company?
A. Yes.
Q. You never went behind that evidence?
A. I cannot say that we did; I think we did, I think Mr. Preston did.
Q. In what way?
A. I cannot remember now; I think Mr. Preston did it.
Q. You think Mr. Preston did it?
A. I think so.
Q. Will you point out the affidavits if there are any there (papers produced)?
A. These are the vouchers.
Q. Yes, they are vouchers, but it is the affidavits that I am searching for?
A. I do not see any affidavits attached to these. There is a statement here of the distribution of literature, the quantity of literature.
Q. That is the company's statement?
A. Yes, certified by the company.
Q. By the company?
A. Yes.
Q. Or by Mr. Kohan?

A. The North Atlantic Trading Company, Kohan, secretary. It is attached to that, I presume all the vouchers in connection with that statement.

Q. You don't find any affidavit?

A. It seems to me there was an affidavit in every one of these statements.

Mr. NORTHRUP.—Perhaps he had better look next year.

Mr. FOSTER.—Let him examine that year and see what he finds.

WITNESS.—I do not see the affidavit here.

By Mr. Foster:

Q. You were quite certain there were affidavits?

A. I think so.

Q. You were ready to swear?

A. I did not say that.

Q. If you cannot find them I imagine they were not to be found.

A. I am positive there were some affidavits.

Q. Positiveness is one thing, but the actual fact is another.

A. I am prepared to swear I have seen an affidavit in connection with this thing.

Q. Are you prepared to hand it out?

A. I do not know, I have not had the custody of these papers.

Q. I understand you to say that in most cases your impression was there were affidavits?

A. Yes, it was.

Q. You did not swear positively, but you said that was your impression?

A. Yes (referring to papers), here is an affidavit of something. I do not know what it is, it is in German.

Q. I wonder if German affidavits count? Was it of much service to you, being in German?

A. Not very much.

By Mr. Maclean (Lunenburg):

Q. Look here (indicating on file) and the next page?

A. This is the statement for 1904.

By Mr. Foster:

Q. Yes?

A. (Reads). 'Mr. Nathan Kohan hereby declares that the statements herewith attached, namely, A, B, C, correctly represent the several items of expenditure mentioned therein, duly incurred and properly set forth in the books of the company.' I see an affidavit here by Mr. Charles A. Allen: 'In the matter of the North Atlantic Trading Company and the Department of the Interior, Ottawa, I, Charles Alfred Allen, Canadian Government official, of the city of Westminster in the county of Middlesex, hereby declare that I have compared the statements attached herewith as duly declared by the said Nathan Kohan with the entries in the ledger book of the company, and find the same to be correct in every particular.'

Q. That does not amount to much?

A. Kohan's statement, I presume, is correct.

Q. It is not sworn to?

A. Yes, they are both. He says it correctly represents the several items of expenditure mentioned therein and duly incurred and properly set forth in the books of the company. The other man simply verifies what he says.

Q. Simply says it is a correct copy?

A. He says it represents the several items of expenditure mentioned therein.

Q. Does he swear that those sums were actually expended?

A. I would take it that way.

Q. Is there an affidavit there to say that?

A. What does that mean: 'Correctly represent the several items of expenditure mentioned therein, duly incurred and properly set forth in the books of the company.' Then this man certifies as to that.

By Mr. Fielding:

Q. Duly incurred means legitimate expenditure?

A. He is the secretary of the company.

By Mr. Foster:

Q. Who was?

A. Kohan was. Allen swears here that he examined the records. He is a government official.

Q. Did I understand you in your former evidence to say that under your first contract, the arrangement of 1899, you paid the North Atlantic Trading Company a bonus on children?

A. Not under the first one, no.

Q. When did you commence to pay on children?

A. I think in 1901, I am not certain.

Q. 1901?

A. Yes.

Q. Then you commenced to pay on children under twelve years of age in 1901?

A. Yes, I think so.

Q. Under what authority?

A. I think it was departmental regulation of the minister.

Q. Your first arrangement was entered into in what year?

A. 1899.

Q. And that arrangement is accepted by Preston and its terms thoroughly set out?

A. Yes.

Q. And one of these terms was, was it not, that payments should be made only on children over twelve years of age?

A. Only on persons over twelve.

Q. What was the duration of that contract?

A. I think that only lasted a few months. There were a number of other restrictions in it which we thought it would be better not to have. For instance, we restricted payment on certain persons unless they had so much money.

Q. That was done away with afterwards?

A. I think it only lasted a few months altogether. I do not know that very much work was done under the original contract, until 1900 or 1901.

Q. There you have an agreement which states it is to remain in force for five years, and under that agreement they are not to be paid for children under twelve?

A. Yes.

Q. That was not superseded so far as I can find out until he superseded it by the second contract. That second contract was made in 1902?

A. No, in 1900. We had no order in council, you remember. Mr. Barker the other day read the recommendation of the minister to council, but there did not appear to be any order in council passed on his recommendation.

Q. Then you had the arrangement entered into in 1899?

A. Yes.

Q. And you varied that by departmental arrangement?

A. They were both departmental.

Q. Did you vary that departmental arrangement?
A. Yes.
Q. At what time?
A. I am not certain whether 1900 or later on. I think the spring of 1900.
Q. You revoked the preceding contract?
A. Yes, we rearranged it.
Q. And made another one as a departmental arrangement?
A. Yes.
Q. In the first you did not pay on children under 12?
A. No.
Q. In the second you did?
A. Yes.
Q. Why?
A. Because the company represented that the contract was such that it was impossible for them to go on. They were too restricted.
Q. And you said that you changed the first contract?
A. Yes.
Q. And substitued for it another under which you paid them for children under 12?
A. Yes.
Q. Commencing in 1901?
A. I do not remember when it commenced.
Q. 1900 or 1901?
A. Yes.
Q. And that remained in force—
A. Until 1902.
Q. Until the order in council contract?
A. Yes.
Q. I suppose that these items of information that you do not know with reference to that contract, Mr. Preston would know—do you think he would?
A. What items?
Q. All this knowledge that we have been trying to get from you and have not got as to the make up of this company?
A. I do not know anything about the original arrangement except what the returns show.
Q. You do not know whether Mr. Preston would probably know that?
A. Oh, yes, he would know, because he met the people and reported on it.

By the Chairman:

Q. I want to ask one or two questions, Mr. Smart. Will you tell the committee briefly if there was a contract in the department similar to this prior to the agreement with the North Atlantic Trading Company?
A. Yes, there was.
Q. As I understand it the agreement was with the different booking agents separately?
A. Yes, to pay the individual booking agents.
Q. And the immigration business was carried on in the same way by these individual booking agents?
A. No, under the old arrangement the booking agents got a bonus of £1, but they did not pay for anything in the shape of advertising, or there was no agreement that they should carry on any kind of a propaganda. It was really pay to them to get their good-will.
Q. What was the bonus paid?
A. I think it was a pound.

Q. Was it paid at the port of arrival in the same way as in this case, or how was it paid ?

A. I think it was paid after arrival here, yes, they were checked up.

Q. Paid in the same way as in this contract ?

A. I suppose so, I do not remember. I cannot answer that definitely, I do not know how it was checked up under the old arrangement.

Q. Will you tell us then, was there any other difference between the contract previous to this agreement and this one except that the business under this contract was done by this company alone, whereas under the former contract with the booking agents individually—what other difference was there ?

A. I do not think the people were followed to the farms or anything like that. I think they were questioned just as they are now, and I think the bonus was paid on those who arrived. I am not certain as to how it was done.

Q. Do you know of any difference between the original contract and this one, except the one I have mentioned ?

A. I cannot say that I know any difference because I don't, I don't know, I am not certain as to the method under the old arrangement.

Q. You had occasion to inquire into that when Deputy Minister ?

A. I do not know that I had. It was a continuation of what had been going on for sixteen or eighteen years, I suppose. We did not make any change.

Q. You did not make any change ?

A. Not till 1899.

By Mr. Foster :

Q. When a steamship agent under the old arrangement was paid his bonus. what proof was demanded ?

A. By the department ?

Q. Yes.

A. I presume the arrival of the immigrant.

Q. What ?

A. I presume the arrival of the immigrant.

Q. How did you trace it to the steamship agent to whom you paid the $4 ?

A. The ticket would show that.

Q. What ?

A. His ticket would show.

Q. His ticket would show what ?

A. The agency that booked him.

By Mr. Fielding :

Q. Would it mean that the booking agent had done anything but stand at the window and sell the ticket ?

A. No.

Q. Would it mean that he had hustled out and gathered in this man ?

A. No.

Q. It would simply show that he had stood at the window and sold a ticket when asked for ?

A. As a matter of fact, that is all I understand that was done.

By the Chairman :

Q. He would get the bonus whether he had hustled out or not ?

A. He would get the bonus that was paid.

Q. He would get it whether he hustled out or not ?

A. Yes.

Q. From the simple fact of selling the ticket ?

A. Certainly—I suppose that is the way it was done.

The CHAIRMAN.—With reference to the incorporation, I have received just now a letter from Lord Strathcona in answer to our inquiry as to the incorporation of this company. The letter is dated the 12th April, 1906, and is as follows :—

EXHIBIT 2.

17 VICTORIA STREET,
LONDON, S.W., 12th April, 1906.

SIR,—I received on Sunday, the 8th instant, the cablegram of the 7th idem, signed by Mr. Keyes, the Secretary of your department, reading as follows :—

'This department has been ordered by the Public Accounts Committee of the House of Commons to cable you the following to ascertain who are the gentlemen composing the company called the North Atlantic Trading Company, if they are a body corporate, where incorporated, where is their place of business and who are their officers and to please answer immediately ;'

and forwarded on Monday the following cable acknowledgment:

'Cable 7th, received Sunday. Information so far as ascertainable will be cabled to-morrow.'

I was hopeful that I should be able to cable you the information on the date indicated, but it was not until yesterday that I could obtain from Mr. Preston all the particulars as cabled, and which I now beg to confirm :

'Your cable 7th instant. The persons named as subscribers to the memorandum and articles of association of the North Atlantic Trading Company (Limited), and holding one share each are Edward Sainsbury, 8 and 9 Newcastle street, Strand, London, hotel proprietor ; Alfred Hindley Alexander, 7 Sutton Court Road, Chiswick, engineer; John Alfred Randall, 347 High Road, Chiswick, articled clerk; George Thomas Hide Downey, 27 Palewell Park, East Sheen, S.W., solicitor's clerk ; Henry James Whitman, 277 High Road, Chiswick, builder; John Henry Stephens Thomson, Lynwood avenue, Epsom, chartered secretary ; Charles Guy Underwood, 36 Willcott Road, Acton, solicitor's clerk, the solicitor being E. A. Alexander, 37 and 39 Essex street, Strand, W.C. Capital of Company, £3,000 in 300 shares, £10 each. Am endeavouring to get list of shareholders and amount actually subscribed and paid up. Company incorporated in Isle of Guernsey as North Atlantic Trading Company (Limited), registered 3rd June, 1905, and certificate registration, dated Greffe, Guernsey, 14th June, 1905. Memorandum of association states registered office of company situate Island of Guernsey. Director, J. Gluck, Managing Director, H. Pheifel, Secretary, N. Kohan, business office, 92 Damrack, Amsterdam. Memorandum of association will be mailed *Campania* 14th.'

Inclosed with this letter you will find a copy of the certificate of registration of the North Atlantic Trading Company (Limited), dated at Greffe, Guernsey, the 14th day of June, 1905, together with a copy of the memorandum and articles of association of the same company, dated the 3rd June, 1905.

So far, I have been unable to procure the required information with regard to the names of the shareholders, and the amount of stock subscribed and actually paid up, but expect that a letter bearing upon the subject will reach me from Amsterdam to-morrow or on Saturday.

I have the honour to be, sir,
Your obedient servant,

(Signed) STRATHCONA,
High Commissioner.

The Honourable,
The Minister of the Interior,
Ottawa, Canada.

APPENDIX No. 3

Company Limited by Shares.

MEMORANDUM of Association of the North Atlantic Trading Company, Limited.

1. The name of the company is 'The North Atlantic Trading Company, Limited.'
2. The registered office of the company will be situate in the Island of Guernsey.
3. The objects for which the company is established are:—
(Here follow sub-clauses 1 to 21, inclusive).
4. The liability of the members is limited to the amount payable and remaining unpaid on the shares held by them respectively.
5. The capital of the company is £3,000 (British sterling), divided into 300 shares of £10 (British sterling) each. The company has power to increase, or consolidate the capital. Any unissued shares and any shares in any new capital may be issued by the company, with any special or preferential rights or privileges, or subject to any special terms or conditions, and either with or without any special designation and any such right, privilege, term, condition, or designation may from time to time be modified or abrogated in accordance with the regulations for the time being of the company.
6. The whole or any part of the shares of the company may be issued in payment or part payment of the purchase consideration for any property or properties which may be purchased by the company, or in consideration of special services rendered or to be rendered by any person or company in assisting the company to carry out any of its objects and for such shares issued, if issued credited as fully paid up, no money payment will be made, or if issued credited as partly paid up, no money payment will be made in respect of the amount credited as paid up thereon. In the event of any of the capital of the company being issued wholly for cash the amount payable on application shall not be less than 5 per cent per share, and the balance shall be payable in calls of not less than 5 per cent per share, but the whole amount may be paid up in full on application, or the balance remaining unpaid may be paid up on allotment.
7. The signature of the company shall be:
(*a*) 'The North Atlantic Trading Company, Limited,' with the addition of the signature of the secretary or assistant secretary of the company for the time being or of such other officer or officers of the company as the directors may appoint.
(*b*) Or by the common seal of the company, countersigned by one or more directors, and the secretary or assistant secretary of the company for the time being.
(*c*) Or by the signature of one or more directors and the secretary or assistant secretary of the company for the time being, without the seal.

We, the several persons whose names and addresses are subscribed are desirous of being formed into a company in pursuance of this memorandum of association, and we respectfully agree to take the number of shares in the capital of the company set opposite our respective names.

Names, Addresses and Description of Subscribers.	Number of Shares taken by each Subscriber.
Edward Sainsbury, 8 and 9 Newcastle street, Strand London, hotel proprietor	1
Alfred Hindley Alexander, 7 Sutton Court Road, Chiswick, engineer	1
John Alfred Randall, 347 High Road, Chiswick, articled clerk	1
George Thomas Hide Downey, 27 Palewell Park, East Sheen, S.W., solicitor's clerk	1
Henry James Whitman, 277 High Road, Chiswick, builder	1

Mr. JAMES A. SMART.

John Henry Stephens Thompson, Lynwood avenue, Epsom, chartered secretary. 1
Charles Guy Underwood, 36 Willcott Road, Acton, W., solicitor's clerk. 1

Dated this 26th day of May, 1905.

Witness to the signatures of the above.

E. A. ALEXANDER,
37 and 39 Essex street.
Strand, W.C.,
Solicitor.

(Articles of association follow).

By the Chairman:

Q. In connection with that, Mr. Smart, I want to ask you if you know what the practice is in England with reference to incorporation of joint stock companies under the Companies' Act?

A. I do not know.

Q. Do you know whether the practice is in incorporating the company for solicitors to use their clerks and people around their office as incorporators?

A. I suppose it is the same as here; they do it here, I suppose.

By Mr. Northrup:

Q. Don't conjecture, if you don't know.

A. I don't know anything about the practice in the old country.

By the Chairman:

Q. Do you know that that has been done in some instances?

A. I know it is done here, but I do not know whether it is done over there; I cannot tell you that.

By Mr. Geoffrion:

Q. Under the old system who were these gentlemen that you call booking agents?

A. They are really ticket agents in the various parts of the continent.

Q. Strangers from the other side whom they simply paid; strangers from the different parts of the country, from the different countries?

A. Yes, all over the countries.

Q. Strangers—they were not all members of the House of Lords over there, I suppose?

A. No.

Q. Not first-class capitalists. You employed these men, who were paid when they sold a ticket to an emigrant?

A. That is it. The whole purpose was to promote immigration as well as we could.

Q. If they did not get anybody they got nothing?

A. No.

Q. By this contract you had with this company, whoever may be the incorporators, they were to get $5 if they got an emigrant?

A. A pound, yes.

Q. And was there not a clause in the contract by which if the department was not satisfied with the work they could cancel the contract?

A. It was not exactly if they were not satisfied with their work—satisfied they were not carrying out the contract.

Q. They could put an end to the contract by a certain number of months' notice?

A. Yes, I suppose they could do that; I do not know.

Q. Practically that is the same system as the old?

(No answer.)

By Mr. Turriff:

Q. When the change was made and you paid on children under twelve, did it result in increased activity, getting more immigrants?

A. Certainly, from that time on. The year previous to that we got 5,000 immigrants and we are getting about 30,000 from the same countries now.

Q. The object in making that change was to secure better work, to get immigrants for Canada?

A. Yes; we were ready to make any kind of liberal, generous arrangement with these people if we believed they could do the work.

Q. They did the work?

A. Yes, and we are getting the people.

Witness discharged.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
WEDNESDAY, May 16, 1906.

The Select Standing Committee of the House of Commons on Public Accounts met this day at 10.30 o'clock a.m., Mr. Geoffrion in the Chair, and proceeded to the further consideration of the accounts of the North Atlantic Trading Company, as set out at L—26 of the Report of the Auditor General for the fiscal year ended June 30, 1905.

Mr. W. T. R. PRESTON, called and examined.

By Mr. Barker :

Q. Have you brought your papers ?
A. Yes, sir.
Q. All of them ?
A. All of them, yes.
Q. Where are they ?
A. They are in trunks here.
Q. Will you place them in the hands of the committee ?
A. Just as soon as I get the trunks open. The locks are destroyed with the weight of the trunks, not being strong enough.
Q. They will be placed in the custody of the clerk of the committee?
A. There are some papers which I expect to use in one of the other committees. I will just take them out and leave the rest.

Witness retired.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
THURSDAY, May 17, 1906.

The Select Standing Committee of the House of Commons on Public Accounts met this day at 10.30 o'clock a.m., Mr. Geoffrion in the Chair, and proceeded to the further consideration of the accounts of the North Atlantic Trading Company, as set out at L—26 of the Report of the Auditor General, for the fiscal year ended June 30, 1905.

Mr. W. T. R. PRESTON, called and sworn and examined.

By Mr. Barker :

Q. What is your position, Mr. Preston ?
A. Commissioner of Immigration for Europe.
Q. How long have you occupied that position ?
A. As inspector and commissioner, a little over seven years.

Q. Since about 1899 ?

A. In 1899.

Q. When you went there originally where was your office ?

A. Victoria street, at the office of the High Commissioner.

Q. And have you another office now ?

A. In Charing Cross now.

Q. When did you establish that about ?

A. It was shortly after the Coronation, in the spring of 1903, I think. Somewhere about that.

Q. Were your duties fixed by order in council?

A. I think my duties were rather in the form of a letter of instruction from the minister in the first place.

Q. Have you got that ?

A. I have not.

Q. I suppose it will be in the department ?

A. It will be on the files.

Q. Were there any orders in council afterwards passed with regard to your duties ?

A. There was an order in council passed about—some time in 1901.

Q. Yes, with regard to your duties?

A. With regard to my duties.

Q. Have you a copy of that ?

A. I have not, it is also on file. I may say I cabled the secretary of the committee after I received my notice from him to bring all papers regarding immigration as to whether I should bring with me documents that would be duplicated here, and he replied there was no occasion for that.

Mr. BARKER.—I would ask Mr. Chairman that the secretary be instructed to procure all orders in council, or copies of them, relating to Mr. Preston's duties from time to time. I suppose that that order will be given ?

Mr. SIFTON.—It is not this witness's business to produce orders in council. If the honourable gentleman wants them, he can move in the House and get them.

Mr. BARKER.—I have asked for copies of the orders in council, I asked the chairman who I understand has instructed the secretary to obtain it.

Mr. SIFTON.—The secretary cannot obtain it.

Mr. BARKER.—I understand the Chairman has given the order ?

Q. Was there a change made in the order in council of 1901, and if so, when?

A. There was a change made, under which, instead of being called inspector, I was made commissioner.

Q. Well, we will have the order. Can you tell me when that was ?

A. It was about 1901.

Q. No, no, when was the change made?

A. I do not know that I understand which change the honourable gentleman means.

Q. I asked you if there was a subsequent order in council making a change in your duties or authority?

A. Yes, there was another one.

Q. Subsequently, when was that?

A. Shortly after the resignation of Mr. Sifton.

Q. About 1905?

A. I fancy that was it.

Q. Was that the only other one, as far as you know?

A. No, there was another one.

Q. When?

A. The third was, I understand in a general way, I cannot state positively——

Q. I only want to get from you what orders in council there were and we will get them. There was a third?

A. I think there was, but I do not think I ever got a copy of it.

Q. Your understanding is there were three orders in council with regard to your duties and authority?

A. I think so.

Q. Was there any order in council passed with regard to the signing by you of cheques on emigration matters?

A. There was.

Q. When was that?

A. That was the last one, I believe.

Q. Is that the one you call the third?

A. Yes, the one recently, it was a few months ago. I do not know whether it was January, February or March, but it was somewhere along there.

Q. Giving you authority to do what?

A. Oh, no, the order I think you have reference to now, is one, that was the first one, whereby I was to have authority to sign cheques as commissioner of immigration, on all matters relating to emigration.

Q. You were to have authority to sign as commissioner?

A. Yes, or rather to countersign cheques issued by the High Commissioner.

Q. That is what I asked you; I asked you whether an order in council was passed at any time authorizing you, in the absence of Lord Strathcona, to sign cheques instead of him?

A. That was in 1901, that was the first order, I think.

Q. There was such an order?

A. There was.

Q. Whether it was in 1901 or some other year, you will not say?

A. I won't say positively.

Q. Was that authority continued, or has it been put an end to?

A. That was changed in a manner, four or five months ago.

Q. Has that authority been swept away?

A. I say that authority has been changed.

Q. It was put an end to so far as your carrying on the signing business?

A. Oh, yes.

Q. It has been?

A. Oh, yes.

Q. Do you know of your own knowledge why the change was made?

A. I do not—well I had an explanation from Lord Strathcona about it, but I do not know whether I should repeat it or not.

Q. I suppose he told you what he heard, you do not know what induced the government to make the change?

A. Lord Strathcona did not tell me what he had heard.

Q. Will you tell me the principal immigration agents, syndicates or associations with which you had communication respecting your duties as to emigration from Great Britain or Europe?

A. Well, I had no communication with any one over there respecting my duties, no instructions of that kind.

Q. Respecting emigration I said?

A. I beg pardon, yes, we will commence with the English agents.

Q. I am not asking you now as to ticket agents, individual ticket agents?

A. I think I understand the hon. gentleman.

Q. With organizations and that kind of thing?

A. The Liverpool agent is Mr. A. F. Jury, the Birmingham agent is Mr. G. H. Mitchell.

APPENDIX No. 3

Q. I think you are going over a list of people which is unnecessary for this inquiry?

A. I thought the hon. gentleman asked me——

Q. I am asking you what outside organizations?

A. Outside the government officers?

Q. Yes?

A. Steamship companies, generally in the beginning and eventually with the North Atlantic Trading Company.

Q. Any others?

A. Well, I had some communication, some correspondence with the Baron Hirsch Committee.

Q. That is the Jewish association?

A. Yes.

Q. Any other?

A. I cannot call any others to mind except general steamship agents, for the moment.

Q. In the accounts for the year we have payments to the North Atlantic Trading Company?

A. We have.

Q. Louis Leopold—who is he?

A. He is, or at least was, running the Canadian Labour Bureau there.

Q. Was that an institution that you had relations with in regard to immigration?

A. Well, it was only a booking agency office, and I would like to say a word on that, there were a number of the same kind-——

Q. I am not asking you about that ?

A. The hon. gentleman is asking questions which is upon that point and I am trying to give him information.

Q. I am asking you about Leopold, I will come to the others in a moment.

A. There are a lot of booking agencies, and if the honourable gentleman will allow me, I think, I will simplify matters.

Q. If you will be good enough to answer my questions we will get along more rapidly.

A. I do not think we will.

Q. That is not for you to judge. Did you have any business relations with Leopold or the Labour Bureau as you call it ?

A. Do you mean in emigration matters ?

A. In emigration matters?

Q. I had a good deal of business relations with the Canadian Labour Bureau, with the Farmers' Help Society, with the Canadian Emigration Society, with the Church Army, and with the Salvation Army; with the War Office, representing the discharged soldiers, and two or three more, which I cannot call to mind at this moment.

Q. When did you first have these relations with Leopold ?

A. I became acquainted with Leopold, I think, in the spring of 1902.

Q. In 1902 ?

A. I think so.

Q. What was he then doing ?

A. He came to London for the purpose of establishing a booking agency ; he brought letters of recommendation from a very prominent German banking firm whose employee he had been for a number of years and like a number of others I received him cordially.

Q. That was the manner in which he was introduced to you ?

A. That was the manner in which he was introduced to me.

Q. That was some time in 1902 ?

A. I think it was, it may have been earlier.

Q. Do you know whether he had been previously in any way employed by the North Atlantic Trading Company ?

A. I do not.

Q. You have no knowledge on that subject ?

A. No, I do not think he had, but of course it is only an opinion.

Q. By the by, I might ask you here, do you know his real name?

A. His real name is Leopold Lazarus.

Q. He is not Louis Leopold ?

A. No, he is like a great many other Hebrews who come there and adopt English names, there are hundreds of them in London.

Q. When he came to you in 1902, was he introduced to you as Leopold Lazarus ?

A. No, the Lazarus end of it I only learned about two years ago.

Q. He was introduced to you then originally as Louis Leopold ?

A. Yes.

Q. And when did you first begin to have relations with Leopold with regard to immigration ?

A. Very shortly after he came there.

Q. About what time ?

A. I cannot just tell you what time, it was when my office was on Victoria street.

Q. When did you take the Victoria street office ?

A. They were there before I went to London.

Q. I mean the Charing Cross office ?

A. I think 1903.

Q. Was it about that time you became acquainted with him?

A. I think I became acquainted with him before that.

Q. I mean with regard to emigration to Canada ?

A. Yes. He was doing something long before that.

Q. What was he doing ?

A. I think he had established an office under the name of the Farmers' Auxiliary, with a view of assisting German emigration to Canada, and he came to me for information as to the best method of organizing some sort of a company whereby the fares of German emigrants could be advanced, and possibly some security taken for their fare so that after they reached Canada they could be held accountable for the return of the money. That is the first I had to do with him.

Q. German emigrants to Canada ?

A. Yes.

Q. Of what class ?

A. Agriculturists, I think.

Q. Agriculturists altogether ?

A. I am clear on that, because eventually after looking up a lot of land regulations it seemed to me that a lien could be given upon the land selected by the emigrants as security for the return of the money advanced.

Q. And you say in 1902 you entered into relations with him with regard to a project of his to bring German immigrants to Canada?

A. Yes. He presented the project to me and I thought it feasible.

Q. And did you support it?

A. Yes, I approved of the proposal. He endeavoured to carry it on in a quiet kind of way—I did not support it, it was his business.

Q. Did he get any assistance?

A. Yes, he did.

Q. In what way?

A. Some money was advanced—I do not just know to what extent; I do not think it went very far.

Q. Did he get any assistance from the government?

A. No.

Q. From you?

A. None whatever, not more than moral or friendly assistance. I will say frankly he is a very intimate friend of mine.

Q. What would he get out of his business, how was he to be remunerated?

A. He would get a commission on the tickets.

Q. From whom ?

A. From the steamship companies, and he would be entitled to the government commission of seven shillings a head.

Q. But they were German emigrants?

A. German agriculturists.

Q. Would not this rather conflict with the trading company—who were getting all these immigrants?

A. I do not know that it would. We have been willing to enter into negotiations with any reasonable, honest project that will bring us emigrants.

Q. Didn't the trading company get $5 ahead for all agriculturists that came to Canada from Germany?

A. Yes, they did.

Q. And Leopold got seven shillings?

A. No, I was mistaken, he would be getting that seven shillings in respect of British emigrants.

Q. Then he got nothing from the government in 1902?

A. No, not then.

Q. Then, when did you take up the question with Leopold about the British emigrants?

A. Well, some time in 1902 he spoke about getting up town for an office, and I told him I would very gladly recommend him for a license to the Allan line, to the Dominion line, to the then Elder Dempster line or any other way in which I could help him.

Q. Yes, and had you many conversations?

A. Oh, yes, I would say so. His office was then quite convenient, in Victoria street.

Q. About what time did you come to an understanding with him?

A. I did not come to an understanding with him at all. He simply continued his looking around with a view of starting his business.

Q. What did he want to see you about?

A. In the first place?

Q. Yes, when you began to talk about this British agency?

A. Oh, he saw me several times, and we talked about the prospects for emigration. At that time the movement was not very great.

Q. You just treated him as any other person?

A. Yes, just the same way as I treated probably a dozen others for whom I asked licenses.

Q. He was paid seven shillings ahead for adults?

A. He came under the usual departmental regulations.

Q. Seven shillings for adults and three and six for children?

A. Provided they were agriculturists or came under the classes provided by the departmental regulations.

Q. And that being within your functions you took the matter up with him?

A. It was not within my functions to say he should or should not receive the bonus. Any booking agent who sent an agriculturist to Canada had under the departmental regulations the right to the bonus. I had neither the power to give nor to take away.

Q. He coming to you and being satisfactory to you, and being a ticket agent, any agricultural emigrant that he sent he would be entitled to collect seven shillings from the government?

A. It was not necessary that he should be satisfactory to me, or that he should come to me.

Q. But so far as you are helping him along?

A. I was quite willing to help him.

Q. You would do that for any man who was satisfactory?

A. I would.

Q. You dealt with him in no other way?

A. Just the same as a dozen others whose names I will give you.

Q. Your office was established about that time in Charing Cross?

A. No, our office was not established—I think I am wrong in the year, I am confounding it.

Q. About that time?

A. The office in Charing Cross was subsequent to that.

Q. Well, when? About 1903?

A. I have been speaking to you in a general way of my conversations with Leopold for a few months after he came there.

Q. Yes?

A. And they simply continued and grew.

Q. I take you to this point, you have had your conversation with him?

A. Yes.

Q. He has got through with the German business?

A. No, not through with that.

Q. He is getting into the next stage with a view to British business?

A. Yes.

Q. And it was after that that your office in Charing Cross was established?

A. Yes, I think in 1903.

Q. And where did Leopold establish his office?

Q. He got an office in the same building as the government office.

Q. In Charing Cross?

A. Yes. There were probably 20 or 30 rooms in the building.

Q. Was his office on the same floor?

A. It was on the same floor as a room that we were not using very much then. He was on the first flat and my office was on the ground flat.

Q. Your general offices were on the ground flat and you had one room upstairs, and his room adjoined your room upstairs?

A. Yes.

By Mr. Aylesworth:

Q. In Charing Cross?

A. Yes.

By Mr. Barker:

Q. Who constituted that labour bureau?

A. Mr. Leopold, I told you.

Q. We will call it labour bureau for short.

A. Quite so.

Q. Mr. Leopold was the bureau?

A. Mr. Leopold was the bureau.

Q. Nobody else?

A. Nobody else.

Q. You knew that?

A. I knew that, as Mr. Simons was the Canadian Emigration Society and another man was the Canadian Farmers' Help Society of Brandon.

Q. You were not in the bureau?

A. I certainly was not.

Q. Did you take any part in getting him made a ticket agent?
A. I did.
Q. For several companies?
A. I did.
Q. What companies?
A. I recommended him to the Allans, I recommended him subsequently very strongly to the Canadian Pacific Railway, and I think I recommended him to the Dominion. I am not sure on that point.
Q. And perhaps others?
A. No, not others—well, perhaps it was the Beaver Line.
Q. Three, and perhaps others?
A. No, no others.
Q. You did it for these three?
A. Yes, everything carrying to Canada.
Q. You assisted him to get these agencies?
A. I did.
Q. Did he as a fact become a ticket agent for emigration to Canada?
A. He did.
Q. A number of companies?
A. He did.
Q. How did he get these other agencies?
A. In the meantime he had established a reputation, had been advertising a great deal.
Q. Did you assist him?
A. No, I think he had American lines, but I had no communication with them.
Q. Immediately before that business was started by him, did you obtain that office for him?
A. No.
Q. You did not?
A. No.
Q. Who was your landlord?
A. Henry Lovett, Limited.
Q. Did you tell Lovett that he would want an office?
A. No.
Q. You did not?
A. No.
Q. Did you tell Leopold where he could get an office?
A. No.
Q. You had nothing to do with that?
A. No. Of course he knew we were going there. I heard somehow that he was likely to make application for that room—there were one or two rooms vacant—and I endeavoured to get the department—at the time I am not sure that he knew we were going there—endeavoured to get the government to take the office for another purpose. I was out in 1902 and I think when I got back I learned definitely that he was there. I am speaking now subject to correction as to dates.
Q. I do not hold you to a month or two. Apparently from what you say both offices were established about the same time, so far as he was concerned and you?
A. I think he was in before we were. I think our office fiittings kept us out until later; that is a detail that I am not clear on.
Q. Was there any connection between the two offices?
A. No.
Q. For business purposes—I don't mean physical connection?
A. No other relation than that of any other booking office in London; none whatever.

Q. Any telephone connection between your two offices?

A. Oh, yes, by the by there was; I had forgotten that for the moment, and that was brought about for this reason——

Q. Never mind the reason; tell me the facts?

A. I can tell you the facts and the reason, because it is only fair I should give you the reason.

Q. Tell me the facts first. Was there any telephone connection?

A. He had the liberty of using our telephone—had a branch in his own office.

Q. Now you can give us your reason?

A. We had a furnace in the office, a Montreal Daisy heater. It had been put in by a London company, and in putting in the furnace it had been done in such a way that they could not get an outlet for what is called the tank on a level with the tank, and they carried this outlet so that the overflow ran out of certain windows in the basement, the result being that the water was siphoned out of the furnace, and two or three times we were nearly blown out.

Q. I do not want to shorten you, but I do not think these details are quite necessary?

A. They are, if you will pardon me. Eventually after trying in one way or another to get an outlet the furnace people said it could only be had through the Leopold office. I said at once that we could not do that, but eventually I was forced to do it; and he wanted a certain figure for granting us the privilege.

Q. Leopold did?

A. Leopold did, for allowing the overflow tube to be run through his office into a back well, a lighting well, and we finally compromised the matter by arranging that we would give him a heating apparatus, for which he was to pay a few pounds a year, and give him the right to connect with our 'phone; but of course he was to pay the cost of any messages going over his own 'phone. I think it was some twenty or thirty pounds that he wanted us to pay to let us run the pipe through his room.

Q. That was dealing hard with a friend like you, practically supporting him?

A. People are business men over there.

Q. And I believe he was one of the tribe that look after themselves?

A. I believe the lost ten tribes look after themselves sometimes just about the same way; at least that is my experience.

Q. He got twenty or thirty pounds?

A. No.

Q. Did you pay for the switching of the telephone into his office?

A. No.

Q. Did you pay for the use of that telephone?

A. No.

Q. Did the government pay?

A. No.

Q. Quite sure?

A. Quite sure of it?

Q. You have no doubt about it?

A. I have no question about it at all.

Q. Is that switch there now?

A. No.

Q. When he left was the switch still there, or was there another telephone?

A. Oh, no, it has been out some time. When I saw what I thought was the unfair use being made of the contiguity of his office to mine over here I told him the telephone connection would have to be taken out, no matter——

Q. What was the unfair use?

A. Certain insinuations being made in Canada.

Q. What were they?

A. That I was connected with the Labour Bureau.

Q. Any other insinuation?

A. No, I do not know that there were any other insinuations. I think that would probably take it in.

Q. Have you not heard there were other complaints out here?

A. I think that will take it all in. As to the details I do not know.

Q. Did you not hear that there were complaints in parliament and in a good many of the labour bureaus of Canada that Mr. Leopold was what is called in the States a 'strike-breaker,' that he was sending out mechanics to break strikes here?

A. I cannot call to mind that I ever heard that.

Q. Did you ever hear that there were complaints that Mr. Leopold was carrying on an office there to send out mechanics?

A. Oh, yes.

Q. You did hear that?

A. I did hear that.

Q. Was that the complaint you referred to?

A. No, that was not the one I have reference to. The reason I wanted to stop the connection was on account of the insinuations made here regarding myself.

Q. But was the insinuation with regard to you that you were connected with an institution that was doing that, was not that the charge?

A. That may have been, I will not be positive.

Q. That may have been?

A. That may have been also said.

Q. Did you object to that?

A. I certainly did object to that.

Q. Did you object to what he was doing?

A. It was no use my objecting.

Q. It was no use?

A. No, not any more than with any other booking agent. I had no control over him.

Q. You knew that the government were being found fault with in parliament on that subject?

A. I supposed the government could look after themselves, it was not for me to do it for them.

Q. Did you know the government had promised an investigation into these charges that he was carrying on that sort of business?

A. I cannot call it to mind.

Q. You read the *Hansard*?

A. No, pardon me, I do not.

Q. Not even as regards your own department?

A. No, I do not.

Q. Then you were ignorant were you, that complaints were made with regard to this office connected in a sense with your office?

A. Oh, no. I do not say that at all.

Q. Connected in the sense we have mentioned here?

A. I knew that complaints were being made here, and that the charges were frequently being made I was connected with that office.

Q. And that that office was doing what?

A. That that office was sending people to Canada.

Q. For what purpose?

A. I never heard a complaint that that office had been used as a strike breaking office.

Q. Did you never hear a complaint that that office was being used to send artisans and mechanics?

A. Oh, yes, I knew it was.

Q. Was that the chief complaint that was being made in Canada?

A. I could not tell you.

Q. You do not know that?

A. I could not tell you.

Q. Do you tell me now you do not know that?

A. I certainly cannot tell you what the chief complaint was going on in Canada. There were so many complaints in certain quarters about my own work that the subject ceased to have any personal interest.

Q. Did you know that there had been a specific complaint made that Leopold's office was being used to send artisans and mechanics to Canada, and that you were connected with it?

A. I knew that there was a complaint made that I was connected with Leopold's office—that is one.

Q. Yes?

A. I knew that there were complaints in Canada that Leopold's office was sending artisans to Canada—that is two.

Q. Yes?

A. But I did not know that complaint was being made that Leopold was sending immigrants to Canada to break strikes.

Q. I left that out?

A. I thought you included it.

Q. I put the question to you now, and I will repeat it, and I will put it a dozen times if you will not answer it straight. Did you know at any time that there were complaints with regard to Leopold carrying on business in that office, to send artisans and mechanics out here to Canada?

A. I did.

Q. And that it was alleged that you were connected with him?

A. I did.

Q. Yes, that was my question?

A. And I answered that.

Q. And knowing that, did the department ask you for any explanation?

A. I think the department did, but I will not be very clear on that, the files will show.

Q. But I am asking you, do you not know whether application was made to you for information on that point?

A. I say I think there was.

Q. You think there was?

A. Yes, I think there was.

Q. Have you got the letters?

A. I fancy they are on the files.

Q. Is that all you can tell me on such an important matter as that ?

A. Yes. I prefaced my evidence by telling you that I had instructions from the committee that there was no occasion of bringing any of my files here that would likely be duplicated in the department. Of course if there are letters from the department to me or from me to the department, they will be here ; for that matter they may be in the trunk I have brought here, but I cannot tell you.

Q. Have you your letters here ?

A. My correspondence now is all by carbon copies.

Q. You do not keep letter books ?

A. No.

Q. Not even for your semi-private letters ?

A. Well, I have done that.

Q. Are they here ?

A. They are not.

APPENDIX No. 3

Q. Have you semi-private letters connected with the emigration business ?

A. No, I have not.

Q. Have you not written to any person in Canada, about matters relating to emigration, other than departmental letters?

A. I have.

Q. Where are the copies of those ?

A. I could not tell you, my files are not complete. Those that I have here are not complete.

Q. Did you keep letter books for those letters as well as the others?

A. No, at least I do not think it, but I could not tell you. I may tell you perhaps it will clear the atmosphere in some respects, the reason that my files are not complete is this, I was not as fully aware of that however until my clerks were making them up for me to bring out here—some months ago a rumour reached me in London that some alleged private and confidential letters of mine were in the possession of the secretary of the high commissioner. I made inquiries about them in my office, but could not get much information and my suspicions fell upon one of the clerks in the office who had been visiting the secretary of the High Commissioner not a little. I subsequently complained to Lord Strathcona that if there were any alleged private or confidential letters of mine in the hands of the secretary that they must be of those that had disappeared from my files and that they should be returned to me, or to get them from his secretary and return them to me, as they were my personal property, or the property of the gentlemen to whom I had written them.

Q. Was this the officers of the department here ?

A. No, the secretary of the High Commissioner in London. This gave rise to suspicion.

Q. I want to know whom you were talking about ?

A. I am talking about Mr. W. L. Griffiths.

Q. Were you talking about letters written by you, private letters, written by you to gentlemen in Canada here. That is the question I want you to answer now ?

A. Yes, I will include them because they have disappeared. I complained to Lord Strathcona and often suggested to one of the clerks in the office that the files should be gone through to see if any trace could be found of any letters that had disappeared, and they were not long in discovering that a file of letters, which was endorsed on the cover, marked 'Mr. Preston, private,' was very much mutilated and that two or three letter books had gone as well.

Q. The whole books ?

A. The whole books had gone as well. I then again complained to Lord Strathcona, and at the same time made inquiries from the caretaker at the building if any one had been seen around my office outside of office hours ? The wife of the caretaker told me that on the evening of the 2nd of March, 1905, about half-past nine in the evening, a gentleman in a dress suit, she also described him otherwise, was seen coming out of the back or lower stair leading from my office. She asked him what he wanted and he said that he wanted something for Lord Strathcona. She told him she had never heard of Lord Strathcona in connection with the office, that it was a private office, and asked him to wait until she could call her husband. She explained to me afterwards that it never occurred to her to quickly push to the iron door, leading into the entrance. When I told this to Lord Strathcona in July or August, I wanted that the case should be put in the hands of Scotland Yard, but Lord Strathcona demurred to that; I threatened several times and consulted counsel about it, but Lord Strathcona was very firm about it. He feared that it would raise a scandal in connection with Canadian affairs that was not desirable and the matter dropped.

Q. That is, these letters of yours?

A. Yes.

Question objected to by Mr. Maclean (Lunenburg.)

WITNESS.—There was nothing in my letters that would raise a scandal, I have nothing to hide.

By Mr. Barker:

Q. There was nothing in those letters that would create offence ?

A. Not at all, not the slightest.

Q. Were they letters to you or from you ?

A. Both.

Q. Do you mean the original letters to you or were they copies of letters you sent?

A. Some original letters to me, and some copies. If you will look into the files here, you will find that for a number of months, as my clerk found when making up the files for the committee, that the book covers containing the files were empty and a lot of paper enclosed to fill out the covers. That is the case among the files that are needed here.

Q. There were some letters disappeared from your office, but you do not know exactly how or who the person was that got them, but you believe you traced them to Lord Strathcona's office ?

A. I think I did trace some of them to the secretary of the High Commissioner.

Q. To the office of the High Commissioner?

A. I will say to the secretary of the High Commissioner.

Q. In Lord Strathcona's office ?

A. Yes, that is what I say.

Q. You made inquiry there ?

A. Yes.

Q. And you thought that it was not desirable to say anything about it?

A. Yes, I found some letters were there.

Q. Did you see them there ?

A. I did not.

Q. You found them there ?

A. Lord Strathcona told me they were there.

Q. You did not say that before.

A. I have told you now.

Q. Who were they from and to whom ?

A. They were letters written by me to John Ennis, of Liverpool, the general manager of the Allan line, who was at that time a very intimate friend of mine.

Q. What time were they written ?

A. As nearly as I can make out, in 1902 or 1903, I cannot be just certain.

Q. What was the object of them ?

A. They were written recommending the Allan people—I am speaking now of what I have heard outside, I have not the letters and cannot get copies of them, in view of the Canadian government office being opened in Charing Cross that they should open a general office in that district and if they would do that that they should give a license to some person who would do so, and I recommended Leopold in the event of their deciding to give a license to open an office in Charing Cross.

Q. And to have that office in the neighbourhood of your office ?

A. In the neighbourhood, yes.

Q. Was that what led to Leopold's office being placed in your building ?

A. Well, I cannot tell you that, it is a matter of information I cannot tell you. I think before we moved to Charing Cross I had some communication, verbally with Mr. Ennis, who was a very warm personal friend of mine then, I had received some favours from him which perhaps I was wrong in accepting, and he had asked me if anything turned up that I could be of assistance to the Allan line that I would let him know, and this turned up.

Q. This Leopold project ?

A. Yes, the Leopold project.

Q. What was that project ?

A. To open a booking office. It eventually developed into a wider and more specific business as well as the ordinary booking business.

Q. What was it when you had this communication with Mr. Ennis ?

A. I think when I had the first communication with Mr. Ennis it was to be an ordinary booking office. Eventually Leopold asked me—

Q. Was it in connection with emigration to Canada ?

A. Yes, oh, quite so.

Q. It was then with relation to your duty in regard to immigration to Canada ?

A. Mr. Leopold eventually asked me, as a number of other booking agents did there, what prospects there were for mechanics in Canada ? That of course I could not tell, it was something that officially, we could not countenance in our office but I recommend him to correspond—

Q. You say officially, what do you mean by that ?

A. Well, we could not engage in a propaganda inducing mechanics to emigrate. I recommended him to communicate with the president or secretary of the Canadian Manufacturers' Association to see what he could do with them. Eventually I had a letter, I think from Secretary Younge, of the Manufacturers' Association, asking me what kind of man Mr. Leopold was, as to his honesty and integrity, and I gave him the highest possible testimonial I could.

Q. And, of course, you did that honestly too, I suppose so.

A. I did, and I havn't anything to withdraw; I have found Leopold not wanting in honesty or integrity from then until now.

Q. So then he started that office that you were recommending for the purpose of getting mechanics to come to Canada ?

A. I do not know whether he was to start, or whether it had been started, I cannot be clear as to the date.

Q. I thought you said a few minutes ago that you wrote to Mr. Ennis about getting the Allans to start an office in the vicinity of your office.

A. Yes, that was the beginning and there was the conversation already referred to with Mr. Ennis first.

Q. Your office was there first, it must have been.

A. No, I think it was when we were first going there, I think my conversation with Mr. Ennis was when I was coming to Canada on the 8th of August, 1902, or at least I had a conversation with him just about that time before leaving for Canada.

Q. These letters to Mr. Ennis were on departmental business ?

A. They were on departmental business.

Q. What was the harm of Lord Strathcona having them ?

A. There was no harm in his having them or anything else of mine as long as he got them legitimately.

Q. Did you send copies to the department here ?

A. No, I do not think copies were sent.

Q. Was it not an important matter, the starting of this office ?

A. I was not starting the office.

Q. But you were getting him to start it ?

A. No, I was not.

Q. But you were asking the Allans to start it ?

A. To start a general booking office.

Q. With whom ?

A. On their own account, I think at first. Eventually they refused or declined to run an office themselves and I recommended Leopold as their agent.

Q. Was it about that time that you recommended Leopold as your agent that you suggested——

A. Not as my agent, if you please.

Q. As their agent—was it at the time that you wanted them to employ Leopold as their agent that you suggested his getting that office ?

A. I did not want them to employ Leopold as their agent at all. That term should not be used there, it was to give him a license to sell tickets for the Allan line.

Q. When I spoke of agent I meant to sell tickets, a ticket agent, you wished them to have Leopold as their ticket agent ?

A. Quite so.

Q. To have an office in the vicinity of your office ?

A. Quite so.

Q. You were writing on that subject to the Allan's representative ?

A. I was.

Q. Did you inform the department here that you were doing that ?

A. No, I do not think I did.

Q. Did you ever inform them that you had done so ?

A. I really could not tell you.

Q. Did you ever inform any person, such as Mr. Smart ?

A. Oh yes, I did inform him about it.

Q. By letter ?

A. No, I think I informed him when he came over there about the time we got the office opened.

Q. Then Mr. Smart knew of the arrangements you were making with the Allans for Mr. Leopold ?

A. No, he would not know all the details. It would be just a casual conversation that I had recommended Leopold.

Q. Did you tell Mr. Smart that Mr. Leopold was entering into communication with the Manufacturers' Association to send out mechanics.

A. I do not know that I did, I could not tell him—I could not prevent Mr. Leopold if he wanted to or not.

Q. Did you not think it was important to let the Deputy Minister know that ?

A. I did not think that it was.

Q. Did you ever let Mr. Smart know what Mr. Leopold's real business was in that connection ?

A. Upon one occasion Mr. Smart came over, there had been a good deal of excitement in Canada about it and both Mr. Smart and myself went to Mr. Leopold's office and told him the disturbance there was over here, the unpleasantness that had apparently been created, and the charge that he was not running a proper business. We both asked to see his correspondence and his files, and his mode of conducting business and practically everything in connection with his business, not only in regard to agriculturists, but in regard to skilled mechanics.

Q. Was the letter that you wrote to Mr. Ennis entirely on the business of the government ?

A. I cannot tell you—you have the letters, I prefer to see them before answering.

Q. I have a copy of them, we have had them for a long time.

A. I supposed you had. They are private and confidential, but never mind.

Q. Like lots of others, private and confidential by the government.

By Mr. Maclean (Lunenburg):

Q. Does Mr. Barker propose to put these letters in evidence ?

Mr. BARKER.—I propose asking this witness questions to see if he recollects what he wrote.

Mr. Maclean objected that the correspondence should be produced. The other day some correspondence was placed on the table of the House between Mr. Preston and Mr. Jury wherein Mr. Jury admits having improperly taken moneys, and also correspondence, where Mr. Jury admits having stolen private letters from Mr. Preston.

We do not want to have this before the committee. If these gentlemen have a row the department should settle it, it does not involve the expenditure of public money and there is no reason why we should assist them to wash their dirty linen.

Mr. BARKER.—This has to do with public expenditure.

Q. You have often written to Mr. Ennis ?

A. Oh, I have written to him scores of times, probably hundreds of times.

Q. He had been employed in the Elder Dempster line had he not ?

A. No.

Q. Never ?

A. No.

Q. What is the meaning of this extract about the Elder Dempster line ?

A. Oh, there are two Mr. Ennis', but I never knew that Mr. Ennis was employed in the Elder Dempster line.

Q. Can you explain this: 'now that the Elder Dempster line has gone into the hands of the Canadian Pacific Railway, I can confer with you upon the subject ?'

A. If you will show me the letter I will explain, let me see the context and I will tell you.

Q. I will read the whole of the letter, but I want your explanation of this ?

A. I want to see the whole letter, I will not allow you to take a sentence out of it without having the context.

The CHAIRMAN.—The rule of evidence should apply here as in a court. If you examine the witness on the letter he has written you have either to produce the original letter or at least a copy of it.

Mr. BARKER.—This is a copy?

Q. This is a copy ?

By Mr. Maclean :

Q. Is this one of the stolen letters ?

A. Yes, it is one of the stolen letters.

Mr. BARKER.—I do not know whether these are stolen or not, all I say is I understand they were never in Lord Strathcona's office ?

A. This file was stolen out of my office.

Q. It is quite possible, it is a copy ?

A. Stolen out of my office.

Q. What I state here is I understand that these were never copied from anything in Lord Strathcona's office ?

A. No, there are two offices—Lord Strathcona's office and my office in Charing Cross, and this whole file with Mr. N. D. Ennis' letters was stolen out of my office, and I traced these letters to the secretary of the High Commissioner.

Q. These stolen papers were taken to Lord Strathcona's office you say ; I want to say in justice to Lord Strathcona and every one connected with him, that if they were I do not know it.

By Mr. Aylesworth:

Q. Is that a stolen document ?

A. This paper I hold is off my own file.

Q. Is it the original or is it a copy ?

A. It is a copy of it.

Mr. MACLEAN (Lunenburg).—I object to the use of this copy. If a man is a thief he is just as liable to garble the letter in copying it ?

A. I will explain every line of it.

By Mr. Barker :

Q. I do not think after what he has told you there is anything to take objection to ?

A. I will give an explanation. The first sentence is 'now that the Elder Dempster line has gone into the hands of the Canadian Pacific Railway I can confer with you upon the subject, and also act with you in this matter in a way that it has not been in my power at an earlier date.'

Q. Let me ask you who was the gentleman to whom that was addressed ?

A. To Mr. Ennis, the manager of the Allan line at Liverpool. When I went to England I found there was a steamship combination known as the North Atlantic Conference, consisting of the various American and Canadian lines, with the exception of the Elder-Dempster line, with the view of keeping up the emigrant rates coming to Canada. I took strong grounds from the beginning against that conference, as not being in the interests of Canada, and with the object in view of breaking up the conference if possible, I threw the whole of the influence of the office, the lists of inquiries for information that came to the office by the thousand, into the hands of the Elder Dempster line, because they were staying out of the conference, and they were giving a lower rate for emigrants than the rates allowed by the steamship conference. Mr. Ennis frequently asked me to cease that connection with the Elder Dempster line although I might say here that I did the same with the Allan line and the Dominion line as being in the conference, as I did with the Elder Dempster line as being out of the conference. Every day or two we would make up that list and give the addresses of inquirers at the office and send them to the head offices of the various steamship companies so that they, as well as ourselves, could send literature to inquirers and thousands of these people were able, in that way, to get a lower rate to Canada by the Elder Dempster line than they could by either the Allan or the Dominion line.

Q. I do not want to interrupt you, but this has nothing to do with the question ?

A. I think it has a very great deal to do with it, it is the basis of the whole paragraph.

Q. I only wanted to ask you in connection with Mr. Ennis, was he connected with the Elder Dempster line ?

A. He was not connected with it, and therefore I could not be a party or confer with him with the same freedom, and expecting to get favours for the emigrants while the Elder Dempster people were fighting the conference. I should like to see the letter to which that refers. That is in a general way the explanation of the first paragraph.

Q. You mean the other letter to the Dempsters ?

A. Oh no, I mean the other letter to which that refers. That clause would only grow out of the Elder Dempster people selling out to the Canadian Pacific, because the Canadian Pacific Company immediately went into the conference.

Q. But that first clause is not the subject we are inquiring into at all ?

A. You asked my explanation of it.

Q. Only as to who the man was ?

A. You have the explanation of it now.

Committee adjourned.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
MONDAY, 21st May, 1906.

The Select Standing Committee of the House of Commons on Public Accounts met this day at 10.30 o'clock a.m., Mr. Belcourt in the Chair, and proceeded to the further consideration of the accounts of the North Atlantic Trading Company, as set out at L—26 of the Report of the Auditor General for the fiscal year ended the 30th of June, 1905.

Examination of Mr. W. T. R. Preston continued.

WITNESS.—Before the examination proceeds, I would like, if the Chairman, will permit me, to correct a possible misapprehension in the evidence at the last sitting. When I was giving an explanation about speaking to Lord Strathcona as to the desirability of placing certain matters in the hands of Scotland Yard, and stating that His Lordship objected to it for fear it would raise a scandal in connection with Canadian affairs, Mr. Barker interjected a question, which I did not hear but to which I incidentally answered 'yes,' the question being, 'That is these letters of yours?' The report says that I answered 'yes.' I beg to say most emphatically that there was no suggestion, either by Lord Strathcona, or by any one else for him, that the contents of my letters would create a scandal, but rather that the fact of some one else than the proper owners having private and confidential letters in their possession would create a scandal. In England it is a most unusual thing for anything of that kind to occur.

By Mr. Fielding:

Q. Would it not be that the calling of detectives would, in His Lordship's mind, create a scandal and disturbance? That would be his natural thought?

A. Perhaps so, but at any rate it was not in connection with the contents of my letters.

By Mr. Barker:

Q. Your answer at the last sitting to my question rather stopped me from going further. You mean to say there was nothing in any of the correspondence which you have had with officials that would create a scandal?

A. Not that I am aware of.

Q. Not that you are aware of?

A. No, certainly. That question did not come up at all.

Q. I had in my mind some letters of yours that I have read, and I find produced by the department a letter of March 28, 1905, from you to Mr. Cory who was the deputy minister, I believe, at that time?

A. Mr. Cory is deputy minister, yes.

Q. In which you say, referring to certain letters and especially a letter that concerns a friend of yours, Mr. Jury, 'Sooner or later this subject is going to become a public scandal'?

A. But those were not the letters referred to in this conversation with Lord Strathcona.

Q. Do you mean to tell the committee that the only letters that were taken from your office were two from—

A. Not by any means. I have already said that files of letters were taken but we are dealing with these particular files not my particular correspondence with Jury.

Q. But you were speaking of certain letters that you said were in the possession of the High Commissioner's office ?

A. Yes.

Q. And I asked you if your letters there referred to would create a scandal and you said 'yes.' You say now that that was inadvertent but here is your letter to Mr. Cory saying—

A. Well read the whole of it, please.

Q. It is here, you know it as well as I do.

A. Read the whole of it. I should like to hear it.

Request made by members of the Committee that the whole of the letter should be read.

Mr. BARKER.—I want to ask the witness if he wrote to Mr. Cory?

WITNESS.—I cannot tell you now.

Mr. FIELDING.—If the witness wishes to have the letter read he has a right to have it.

Mr. BARKER.—He can have it.

WITNESS.—The hon. gentleman seems to have an access to my private and confidential letters in a way that I have not.

Mr. BARKER.—It is a very simple question that I have put to the witness. Here is a letter seven or eight pages long and I am not going to take up the time of the Committee by reading a lot of stuff this gentleman has been writing to Mr. Cory.

Mr. FIELDING.—If the hon. gentleman wishes to examine the witness he must put the letter in his hands.

Mr. BARKER.—I will put my questions and submit to the Chairman whether they are irregular or not. Mr. Preston, a letter has been produced from the office of the Commissioner of Immigration dated March 28, 1903, to Mr. Cory referring to the removal of Mr. Griffith and Mr. Duncan, complaints and conversations with Ottawa about Griffith, Duncan and Jury, about your going to Liverpool and seeing Mr. Jury, and then saying that you have read Mr. Jury's letters and looked into the matter and referring to a gentleman now a member of the Senate whose name it is unnecessary to mention, and you go on to say 'Sooner or later this subject is going to become a public scandal.' Do you recollect such a letter ?

A. I recollect writing to Mr. Cory, but I could not tell the exact phraseology of the letter at this moment. Will you let me see the whole of it?

Q. You did write a letter on this subject ?

A. I did write on this subject. Let me see the letter.

Q. You can get it. This is my own copy of the letter, and I am not going to hand it to you. I may say to the members of the Committee I only use it because this gentleman is withdrawing his reply 'yes.'

A. I am not withdrawing anything that I have said in my evidence of Thursday. I have already said that I did not hear the question. I think I made it plain.

The CHAIRMAN.—There is no evidence before the Committee of any letter. The witness says he does not recollect the letter.

Mr. BARKER.—The witness says he does not recollect the phraseology.

WITNESS.—I would not certainly admit seeing it from a copy in your hands.

Mr. BARKER.—I do not expect you to.

WITNESS.—I am very glad you do not.

By Mr. Barker:

Q. You said, Mr. Preston, the first time you were examined that you produced here all your books and papers and that you would leave them here with the Committee except some books and papers that were wanted in another Committee ?

A. I stated before the Committee that I had given my clerks instructions to give me all the books and papers except those respecting which there would be duplicates

here. At the time I thought that all the books were in these trunks, but I have since found there is one that is not.

Q. What is that?

A. That is a letter book which I shall lay before the committee. In repacking the trunks at the steamship office, one was inadvertently put into one of my wife's trunks and it will be placed here before the committee. There are only one or two letters in it, I think, to Lord Strathcona, otherwise all the things are on file and some private letters as well.

Q. Is that book that you spoke of that was inadvertently put into another trunk the only one that you have not produced?

A. The only one, I believe, that is not produced.

Q. Are there any papers that are not produced?

A. I do not know of any.

Q. With the qualification you make that you were told not to bring any that had duplicates out?

A. I told my clerks to put in everything and I understood everything was put in. There were three or four of them at work for days.

Q. For the information of this committee, what papers or books, or parcels of papers and books have you taken out of these trunks for the purposes of the other committee?

A. I think they are all here.

Q. I just want to know what they are.

A. I really could not give you the list of them but they are all available for the committee.

Q. You put them out and brought them to the other committee, there is nothing wrong in it, I simply want you to tell me what ones you took?

A. I think they are here, Mr. Barker.

Q. Then tell me what they are? You have them in separate packages and you have got all your packages lettered and numbered?

A. There is one with respect to Mr. Jury's travelling expenses; one with respect to Mr. W. L. Griffith's account; one respecting the dismissal of Mr. Fincham; one entitled 'miscellaneous'; one a report to the High Commissioner *re* Griffith, Jury, Just, Duncan, and Fincham; one *re* fraudulent charges in connection with certain agents travelling expense accounts; one of cheques initialled 'W.L.G.' issued by the High Commissioner's office for the payment of emigration accounts; and correspondence with John Ennis with respect to the fraudulent procuring of private and confidential letters by the secretary of the High Commissioner.

Q. These are all you have brought over for the committee?

A. No, there was one other by the by. There was one containing correspondence in respect to Lord Strathcona's visit to Germany in 1898.

Q. That is all?

A. That is all, yes, unless some of it was left in the other committee.

Q. Now referring to those letters that were missing from your files about which you had the conversation with the High Commissioner, were they original letters?

A. Well, there was more than one conversation and conversations upon more than one——

Q. You can say conversations if you like but do not get off into a speech away from the original line of examination.

A. If the hon. gentleman will allow me, there were two subjects matter of conversation—perhaps I had better put it that way,—one the particular personal file of letters that has disappeared and the other the apparent disappearance of other papers as well. There were two subjects.

Q. I am speaking now of the confidential papers what you may call private, official, or semi-official—anything you like as long as they pertain to emigration business.

A. The papers which I claim were private. There was not the proposal to put that matter in the hands of Scotland Yard.

Q. You say which you claimed to be private ?

A. Which were private.

Q. Were they absolutely away altogether from any connection with your department ?

A. No, not altogether. You have some copies of some of them there which tell you.

Q. These are not private letters at all ?

A. A letter marked 'private and confidential' was hardly a public document.

Q. I won't discuss that with you ?

A. And then upon that phase of the question what I wanted to do to apply for an injunction to the courts restraining Mr. Griffith and Mr. Jury from publishing or circulating these particular letters. Then there was the larger question.

Q. This is not of the slightest consequence.

A. Then there was the larger question.

Q. I would submit to the Chairman that this gentleman whenever he is asked a question goes off into what he calls an explanation. Now, I submit that he must answer the questions put to him, and afterwards if the Committee want to hear his explanation they can do so.

The CHAIRMAN.—It is very difficult to say when the witness shall stop.

Mr. BARKER.—You will hear him for a week.

WITNESS.—I hope not.

The CHAIRMAN.—It is very difficult for the Chairman to assume to say at what particular moment the witness must stop and not go any further.

Mr. BARKER.—I ask you, Mr. Chairman, to rule that the witness must answer the questions and then if he wants to make an explanation afterwards he can do so.

The CHAIRMAN.—We might not agree as to whether the witness has answered the question—as to where his answer begins and where it ends.

By Mr. Barker:

Q. I ask you whether the letters which formed the subject of a letter to Lord Strathcona relating to the business of your department were original letters or copies ?

A. Both.

Q. Were the particular letters that you referred to, the correspondence with Ennis, were they originals or copies ?

A. Well, now do you mean in reply to your question of Thursday or not ?

Q. I am asking you the question now ?

A. Yes.

Q. Whether the letters that you wrote to Ennis relating to Leopold were originals or were they your carbon copies ?

A. They were carbon copies of my letters to Leopold and there were some originals to Mr. Ennis in the same file.

Q. Carbon copies of your letters to Leopold ?

A. My carbon copies of letters to Ennis.

Q. You said Leopold, I suppose you made a mistake ?

A. I beg your pardon, I made a mistake, yes. And the originals of Ennis' replies to me, or correspondence with me, as well as some other letters.

Q. Well then you do not profess that the originals of your letters to Ennis were in the High Commissioner's office ?

A. Oh, yes, I do.

Q. The originals of your letters ?

A. The originals of my letters to Ennis in the High Commissioner's office.

Q. Of all ?

A. Yes.

Q. You know that ?

A. I know it from Lord Strathcona.

Q. That the originals are there ?

A. Yes, they were there.

Q. But they were not taken from your office ?

A. They were not taken from my office but from Ennis' office.

Q. Then Lord Strathcona has got the original letters from you to Ennis that you do not pretend were taken from your office ?

A. Quite so.

Q. And the letter that you read ?

A. Well, he may not have them now. You know he had them.

Q. They may have gone away. It is a week since the time that you knew. Were the letters I put in your hands, the copies I put in your hands at the last meeting, copies of these originals from you to Ennis ?

A. Well I only saw one and the first paragraph of one. If you will let me see it I will be able to tell you more about it.

By Mr. Maclean (Lunenburg):

Q. There were some carbon copies of originals stolen from Mr. Ennis' office. We cannot tell whether the letters which Mr. Barker has are originals or copies or what they are and he cannot tell himself.

WITNESS.—We will make that very clear soon.

By the Chairman:

Q. Perhaps we might shorten the discussion by ascertaining whether this is one of the letters that was stolen or not ?

A. This is not the same letter I had on Thursday, not the same copy of it.

Mr. BARKER.—It is another copy of the same thing. It is precisely the same.

By Mr. Maclean (Lunenburg):

Q. Have you got the original of that letter here ?

A. No, I have not. It was in Lord Strathcona's hands.

Mr. MACLEAN.—We ought to have the originals, the very best evidence available, and not waste time over copies. And we do not even know whether they are copies of original documents. A member of the Committee produces letters and the presumption is that he has the originals. Well it is against the Criminal Code for a man to have copies of letters that were taken from another office, and until Mr. Barker says he has not got the originals and cannot produce them——

Mr. BARKER.—It is not necessary to produce them, but if necessary we will have them, you can depend upon that. The witness told us where they are.

WITNESS.—The witness did not tell you where they are, pardon me.

Dr. STOCKTON.—If the witness says he has got them, what more do you want ?

WITNESS.—The witness does not say he has got them.

Dr. STOCKTON.—The witness says he is waiting for Mr. Maclean.

WITNESS.—I did not say anything of the kind, pardon me.

Dr. STOCKTON.—The witness says he is waiting for the discussion to stop and the only one who is making any discussion is Mr. Maclean.

WITNESS.—Not at all, I did not say anything of the kind.

By Mr. Barker:

Q. You have seen the letter to which I refer ?

A. I have.

Q. Is this a copy of the letter you referred to as having been written by you to Ennis ? (Produces letter.)

A. I could not say.

Q. Well look at it and see.

A. I would not attempt to say on a two-page letter whether it is a copy or not. It presumes to be a copy.

Q. Read it, sir ?

A. I will read it, yes.

Q. The whole of it ?

A. Yes. (Reads):

17 Victoria Street, London, Feb. 17, 1903.

Strictly private and confidential.

My Dear Mr. Ennis,—Now that the Elder Dempster line has gone into the hands of the Canadian Pacific Railway, I can confer with you upon the subject, and also act with you in this matter in a way in which it was not in my power at an earlier date.

Of course you are aware that the Canadian Pacific Railway will open offices at Cockspur street in the course of the year. You are also aware that there are one or two agencies whose business is principally drawn through being able to assure those booking through them that positions in western Canada will be found for them on their arrival.

I was called on yesterday by a very responsible fellow who wanted to discuss with me a plan which he thinks he will be able to carry out with the aid of this office. and the office at Winnipeg, and also the government officials in Toronto, through my influence, so as to be assured of finding employment for all who book through him.

He has also considered the advisability, and with this object in view has had correspondence with a number of large employers of labour in Canada to furnish them with the labour which they may want from time to time and which, of course, for very obvious reasons cannot be handled through the department.

He wanted to know if in the event of making an arrangement with one of the steamship companies as a booking agent, whether I would be disposed to assist him in respect of finding employment through the government offices at Winnipeg, or Toronto, or Montreal or elsewhere as the case may be, by referring inquirers to him from time to time, provided his office could be situated conveniently to our new offices.

I told him that upon the latter point I had had a confidential conversation with you, suggesting the advisability of your company renting one of the small offices immediately over the new offices of the government on Charing Cross, and that I thought you were now considering my suggestion in this particular. As the outcome of my conversation with him, at any rate, I thought I would write you to see whether your company would be willing to share with him the rent of one of the small offices in that building, appointing him as your licensed agent, giving him the usual commission. I think if this can be done it will open an avenue for considerable business being created there for which otherwise there is either a general hunt, or a general scramble now.

Now that the Elder-Dempster people are out of the running, my hands are free to act in a manner that will give evidence of a more sympathetic co-operation with you than formerly.

I would like to have a chat with you on this subject, but it is impossible for me to get away even for a day at present, but I would like very much to have your view on this.

I have very strong reasons for wishing anything of this kind that might be done shall be through the gentleman to whom I have referred. After his conversation with

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me I would rather feel that I was breaking faith with him if he was to give place to any one else.

Yours very truly,
(Sgd.) W. PRESTON.

J. ENNIS, Esq.,
Liverpool.

Mr. BARKER.—Read the next letter now and just finish that.

By Mr. Hughes (Victoria):

Q. What is the date of that letter?
A. This is marked February 17. The next letter is as follows:—

'Private and confidential.'

June 10, 1903.

Dear Mr. Ennis,—I have yours of the 9th with enclosure from the Plymouth agents. For reason which you can understand, i.e., in view of the opposition of the labour unions in Canada—and you have had some experience in connection with the dock labourers at Montreal—against any propaganda among prospective emigrants who are likely to engage in any other calling in life than agriculture arriving in Canada; and also incident to the fact that they have demanded from the government my recall or dismissal, alleging encouragement on my part respecting emigration other than agriculturists, the department is debarred from furnishing any specific information respecting the possibilities of labour in Canada by mechanics, artisans and others. This has, therefore, led to the establishment of a labour bureau by large employers of various kinds of mechanical and skilled labour which has taken shape in the Canadian Labour Bureau. Although I am not supposed to know anything about the workings of the company, I necessarily made inquiries as to its bona fides, and also the financial standing of those who are interested in its inception. Having satisfied myself on these points, I have not regarded the subject as of any further concern in so far as its work respecting Canada is concerned.

I am well aware, however, that applications have been received by the bureau for thousands of skilled and trained artisans, not only general but specific requests for particular numbers required in various kinds of manufacturing industries.

It is not necessary that I should say whether I welcome this adjunct to the Canadian work or not, but in view of the action of the labour party in Canada, I am free to admit I am not surprised that an institution of this kind has commenced operations.

Where the labour bureau advertises for any particular trade or calling, I am satisfied that its manager is in a position to place the stated number of these particular trades required, giving them letters of introduction to employers of labour in Canada who will furnish them with immediate employment at stated wages on arrival.

I do not see how a steamship company is going to prevent an employer of labour from advertising his wants and guaranteeing employment and securing the labour he requires, and I am free to admit that I do not see any greater cause for complaint in this particular than, for instance, Cook's, Gaze's, or Lunn's offices, advertising in towns or localities where they have not stated agencies. Of course I am writing you thus fully and frankly on the question, but I do not wish that my letter shall be made public.

Yours very truly,

(Sgd.) W. PRESTON.

By Mr. Barker:

Q. Now do you recognize the terms of that letter?
A. I recognize the general tenor of it.

Q. Have you any doubt that it is the letter you wrote to Ennis?

A. I would have very serious doubt, considering where it came from, until I saw the original.

Q. Do you say that you doubt whether these are correct copies?

A. I do not say that. I should have very considerable doubt considering where they came from. They came from those who stole them and who might possibly change a word or two.

Q. Yes, admitting that, considering where they came from and all about it, do you say, sir, upon your oath, you have any doubt?

A. I would have considerable doubt as to whether they were original copies.

Q. Do you now, after reading these, have any doubt that they are exact copies of your letters?

A. I would not say they were exact copies at all considering where they have come from.

Q. Upon your oath have you any doubt in your own mind?

A. No, I do not say that.

Q. Did you say that?

A. No, I did not say that.

Q. Then you will not say you have a doubt about these letters?

A. I have already said, and I will make it stronger if you like that, I have naturally a very confirmed doubt, but if you will assure me, on your honour, that these are the identical copies, then I shall ask you to produce the originals, and I will compare them, and I will have no hesitation in fathering everything I have written.

Q. I cannot do that. These are letters, are they not, or purport to be copies of the letters, of which you said Lord Strathcona told you he had the originals?

A. One of them is, possibly. The other is explained in this letter written by Mr. Griffith to Mr. Ennis at Liverpool. (Reads.):

OLD CASTLE BUILDING,

LIVERPOOL, 20th April, 1905.

DEAR MR. ENNIS:

Copies of certain letters from Mr. Preston to yourself, dated 27th February, 1903, 10th June, '03, and 30th July, '03, bearing upon the establishment of the Canadian Labour Bureau at Charing Cross, have been placed before Lord Strathcona. Before His Lordship can take cognizance of the said letters, it is necessary he shall have the originals, which are presumably in your possession. I have come to Liverpool with His Lordship's permission to ask you, if you have no objection, to be so kind as to deliver to me for transmission to the High Commissioner, the letters in question.

Yours truly,

(Sgd.) W. L. GRIFFITH,
Secretary.

I brought the original from Mr. Ennis home, containing the above, as a copy of the letter that Mr. Griffith had written to Mr. Ennis when Mr. Griffith wrote asking for the originals of my private and confidential correspondence to Lord Strathcona, and His Lordship told me that I had his authority for saying that every line in that letter from Mr. Griffith was a lie.

Q. Well what did Ennis say to you? Did he say he gave them the letters?

A. Ennis went on to say in his letter to me that he gave, on the strength of that letter of Mr. Griffith's, the original letters to Mr. Griffith for transmission to Lord Strathcona.

Q. One moment now. Lord Strathcona told you that he did not. Will you answer that question?

A. I will just tell you—

Mr. BARKER.—I submit, Mr. Chairman, the witness ought to answer the question.

The CHAIRMAN.—I think the witness ought to answer the question.

WITNESS.—Lord Strathcona when I gave him this letter which Mr. Griffith had written to Mr. Ennis also said, 'I presume those letters are in that envelope there unopened' which I told Mr. Griffith I would not open and would not read because they were marked 'private and confidential' unless I got your consent.

Q. But they were not stolen letters were they ?

A. I beg your pardon.

Q. They were not stolen from office. They were given by Ennis to somebody, to Griffith, you say ?

A. I thought you had not been very well posted. This is in reference to the original letters. The carbon copies of those identical letters were the ones that were stolen from my office.

Q. I asked this witness if these letters were stolen from his office. Now he goes off into an argument ?

A. I never said these original letters were stolen from my office.

Q. You did not ?

A. I did not. I said the carbon copies of these letters were stolen from my office.

Q. Well you say now that as far as you know the original letters were not stolen from your office ?

A. The original letters could not be stolen from my office, it was copies of them.

Q. This is a carbon copy with your signature on it evidently taken from the original signature.

A. I beg your pardon.

Q. These are copies of the original letters with your signature ?

A. They may be copies of the carbons.

Q. I have seen scores of carbon copies with your signature.

A. Quite so.

Q. These have got your signature upon them.

A. That is simply a typewritten signature. That is not my signature.

Q. It has got a copy of your signature.

A. No. It has not got a copy of my signature. I will sign my name now, and let the hon. gentleman see if it has.

Q. I have seen scores of your letters ?

A. That is what I say: You have an access that I have not to my own private letters.

Q. You have produced these boxes of documents. I have seen scores within forty-eight hours.

A. No doubt you have.

Q. Knowing that Mr. Ennis has given up possession of these letters have you any doubt at all in your mind that these are copies ?

A. I might have a doubt.

Q. You might ?

A. I will not take any one's word and particularly the channel through which these are presented to the Committee, the channel through which they have come. I do not mean you, Mr. Barker, I hope I shall not be disrespectful enough to state that.

Q. I understand what you mean.

A. Yes, the channel through which they have come from through which this forgery of Lord Strathcona's name was made shows that it is equal to anything.

Q. There is no forgery?

A. Lord Strathcona told me that there was not a line in that letter that was true. That he did not authorize——

Q. That letter does not purport to be signed by Lord Strathcona.

A. It purports to be signed on his authority by the secretary of the High Commissioner.

Q. It purports to be signed by Mr. Griffith, and it is to be presumed he signed it.

A. Yes, as secretary to the High Commissioner.

Q. Let us get on. Who was the fellow you referred to as a very responsible fellow in your letter to Mr. Ennis?

A. I have Mr. Leopold in my mind all the time.

Q. In the original letter that you wrote to Mr. Ennis at that time, 17th February, you had not actually concluded arrangements with him?

A. I never made any arrangements with him at all.

Q. Such arrangements that you made as going into that office?

A. I had made no arrangement as to going into the office.

Q. You had not?

A. No.

Q. Then at that time he had not taken that office?

A. Oh, yes.

Q. On the 17th of February?

A. I think so. I think he got that office, or the refusal of that office, when I was in Canada in August or September, 1902.

Q. Indeed?

A. I think so. I am speaking subject to correction of course.

Q. What about your request to Mr. Ennis to rent an office and pay part of the rent?

A. There were other offices to rent there.

Q. You wanted to get Leopold not only the office he had already opened, or got the promise of, but another that Mr. Ennis would pay part the cost of?

A. My idea was that Mr. Ennis would open a general office at Charing Cross square and I tell you frankly, as I told you the other day, I would like very much to have seen Mr. Leopold, manager of it for the reason I told you.

Q. The terms that you suggested to Mr. Ennis were that he should pay half the rent of an office?

A. Of any of the offices, sir.

Q. That Leopold office?

A. Quite so.

Q. If he already had an office, what did you want to make a suggestion for?

A. He should have had the refusal, and he had the refusal of the office some time before he occupied it.

Q. Mr. Ennis, I suppose, did not take the proposition from you?

A. Well, he did, at least I saw Mr. Ennis' London agent.

Q. As to paying rent?

A. Yes. Mr. Ennis' London agent came to me about it and said that the company were discussing it or had discussed it for some time.

Q. (reads) 'I was called on yesterday'—that would be 16th February, 1903—'by a very responsible fellow who wanted to discuss with me a plan which he thinks he will be able to carry out.'

A. Yes.

Q. The plan had not been discussed then?

A. Oh, Mr. Leopold had a good many plans he was discussing from the time he reached there.

Q. I am speaking of the plan you referred to in your letter. Had that been discussed at that time?

A. I could not tell you positively. There was discussion on and off for twelve months, Mr. Barker, before he went into the office.

Q. You said that Mr. Leopold called on you and wanted to discuss the plan?

A. I told you on Thursday he called on me very frequently.

Q. I know, but if you had only taken the trouble to read that letter——

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A. I do not altogther accept the letter for the reasons I have given you, although I do not know there is anything I need be ashamed of in it.

Q. In what way do you suggest that your office and the office at Winnipeg, and the government officials in Toronto through your influence would assure people of finding employment for all who booked through him?

A. Well, I was receiving in the London office a great many requests for skilled labour of one kind and another, specific cases, and I knew the same were being received in other offices, and at that time I do not think the strong stand which was subsequently taken by the department on the question of skilled labour had been made very plain. In a general way we were encouraging emigration, but I did not think my mission over there was to stop legitimate emigration.

Q. Now you are going off into a long discussion again and I am asking you a question ?

A. I beg your pardon, I do not want to do that.

Q. (Reads) 'He has also considered the advisability and has had correspondence with a number of large employers of labour in Canada to furnish them with the labour which they may want from time, and which, of course, for very obvious reasons cannot be handled throughout the department.'

A. Quite so.

Q. What were the obvious reasons ?

A. Oh, the obvious reasons were that labour unions were raising a disturbance here alleging that the emigration of skilled mechanics was likely to upset the wage market.

Q. Generally speaking, that was the reason?

A. That was the general reason, yes.

Q. And you began this correspondence with Mr. Ennis, with a view, I suppose, to assisting Leopold in carrying out his project.

A. Well I could not say that I began the correspondence with Mr. Ennis, or that Mr. Ennis began it with me. There was considerable correspondence.

Q. You wrote letters?

A. I wrote letters to Mr. Ennis.

Q. To help Leopold in that project ?

A. Quite so.

Q. Knowing that the government could not do that sort of thing ?

A. Knowing we could not do it. Yes.

Q. That it was not policy?

A. We could not do it.

Q. I suppose they could do it if they chose but it was not policy ?

A. Perhaps that is a reasonable way to put it.

Q. 'He wanted to know if in the event of making an arrangement with one of the steamship companies as a booking agent, whether I would be disposed to assist him in respect of finding employment through the government officers at Winnipeg, or Toronto, or Montreal or elsewhere, as the case may be, by referring inquirers to him from time to time provided his office could be situated conveniently to our new offices.'

A. Yes.

Q. Then you were in your new offices, we understand ?

A. No. You will see that letter is written, I think, from Victoria street.

Q. That is quite possible, but I find that before Christmas, 1902, you were getting your furniture for your office; I saw your letter yesterday ?

A. Yes, but it was not delivered. I am pretty sure we were not in at the time. Again it comes back to the question whether it is a correct copy of the letter or not.

Q. We will assume that somebody has been garbling your letter, if you will. When people came to your office whom would you refer them to ?

A. When people came to our office wanting employment as skilled labour we should tell them we had no information for them, and I have given——

Q. Don't go on, wait a moment. You were to tell them you had no information for them ?

A. We were not to give them any information, for the reasons given. I would give information that they might find it from Leopold, from the Farmers Help Society —they were doing work of that kind—and it strikes me that even others had opened communication with the manufacturers.

Q. I am now discussing Leopold, whether you told him to give no information ?

A. Yes.

Q. And the office was put close at hand so that that could be done ?

A. Yes.

Q. 'I told him that upon the latter point I had had a confidential conversation with you.' That is with Ennis ?

A. Oh, yes.

Q. Assuming that to be correct, the idea did not originate with Leopold ?

A. Oh, yes, the idea originated with Leopold, Mr. Barker.

Q. It did ?

A. I am quite satisfied on that in my own mind.

Q. If so, why did you want to talk it over with Ennis ?

A. I wished to help Leopold in every reasonable way, as I would any other booking agent.

Q. If this had been Leopold's idea why did you not tell Ennis at first that you had a conversation with Leopold, that Leopold was at the back of it ?

A. I cannot tell you, I am sure.

Q. You told Leopold apparently that Ennis was considering the project. You say you have told him that you had a conversation with Leopold—— 'that I thought you were now considering my suggestion in this particular.' Now, what was your suggestion ?

A. Would you read the context ?

Q. 'I told him that upon the latter point'—directing inquirers to the office ?

A. Yes.

Q. 'I told him that upon the latter point I had had a confidential conversation with you, suggesting the advisability of your company'—that is, the Allan line ?

A. Yes.

Q. ——'renting one of the small offices immediately over the new offices of the government on Charing Cross, and that I thought you were now considering my suggestion in this particular.'

A. Ennis renting offices, is that it ?

Q. Yes, but for the purpose of giving this particular information to that company ?

A. Possibly so.

Q. Then you did make these suggestions yourself, it is your suggestion ?

A. Well, it may be in that form there. The more I think of it, it occurs to me all the more strongly that it was originally Leopold's idea.

Q. This has convinced you ?

A. No, but thinking it over as the conversation goes on—it is a matter that took place three years ago, and the details have passed away.

Q. You still think it was really Leopold's idea ?

A. I really think it came from him.

Q. Although you are on February 16 telling Leopold all about it as if he had never heard it ?

A. No, I do not think the letter quite bears that construction.

Q. 'As the outcome of my conversation with him'—with Leopold—'I thought I would write you to see whether your company would be willing to share with him the rent of one of the small offices in that building,'—That is an office just above your office ?

A. Yes.

Q. —'appointing him as your license agent, giving him the usual commission.' Did you obtain the license for Leopold ?

A. No, I could not obtain the license for him. I recommended him to Allan, and any number of others.

Q. Did you not write to Morris of the Allan line for a license ?

A. I recommended him very strongly. I cannot tell you whether I wrote or not. I tell you frankly I recommended him very warmly to every steamship company ?

Q. Did you write to Morris ?

A. I cannot tell you.

Q. For a license for Leopold ?

A. I cannot tell you.

Q. Will you say you did not ?

A. I cannot say anything about it.

Q. 'I think if this can be done it will open an avenue for considerable business being created there, for which otherwise there is either a general hunt or a general scramble now.'

A. Yes.

Q. What difference did it make to you whether one man got the business or a dozen so long as Canada got the immigrants ?

A. Well, it would make this difference. If work of that kind was going to be undertaken by irresponsible people—and we have a good deal of trouble of that kind in Great Britain—there would be landed out here many people for whom there was no employment, creating a disturbance here, and on the matter being reported to the English press, disturbing our immigration propaganda there. I may say from the beginning in respect to Leopold, I thought it was a propaganda which should not be carried out for the emigration of mechanics or artisans unless he could put them at once into employment, that is, that he should have specific requests from Canada before booking or sending skilled artisans to this country. I preferred having that done, if it was going to be done at all, by somebody who would be thoroughly responsible, and who could be held responsible to the parties coming out, and not by irresponsible agencies which from time to time have sprung up in England and have created a good deal of trouble for us.

Q. That is, you wanted to have specific shipments to people who would take them in.

A. I wanted that employment should be assured them before any should emigrate.

Q. Yes.

A. No matter in what business or calling they were entering, I did not want to see skilled workers sent out for whom there was not a certainty of their getting labour.

Q. And you wanted him to find out that positions were ready for the men ?

A. Before taking them, yes.

Q. Then you thought that could best be done by one man only ?

A. I thought that could be best done by not one, but by absolutely responsible booking agents ? Certainly Leopold was one—it could better be done that way than by, as I say, irresponsible people in Great Britain.

Q. You did not want a general hunt for immigrants ?

A. No, I did not want a general scramble of men arriving here who could not get labour.

Q. 'Considerable business being created there for which otherwise there is either a general hunt or general scramble——.' That is for immigrants.

A. You will probably allow me to interpret my own letter, if it is my own letter.

Q. I will put my own interpretation for the moment. That is not what is in my own mind.

A. Not so much there as over here was the idea in my mind, to protect the general interests in Canada.

Q. At your last examination you said, speaking of your assistance to Leopold such as that assistance was, you were just as ready to give assistance to any other responsible men ?

A. Yes, and I did it in the same way.

Q. And that created a scramble again ?

A. No, but up to that time the scramble was going on.

Q. Every respectable, capable man coming, then you would have a scramble again ?

A. No, you would not. It made no difference to me how many there were who were in correspondence with employers of labour here, and I placed others besides Leopold in correspondence with employers here, so as to be sure that in so far as anything I might do in any way it could not be said that I was sending men here who were not likely to get labour.

Q. Who were these ?

A. The Farmers' Help Association of Brandon, was one.

Q. That is agricultural labour ?

A. Not at all. I am giving evidence.

Q. I have read the charter of that society.

A. I do not care anything about their charter.

Q. They applied to your office for farm labourers ?

A. They applied for recommendations from me to the Manufacturers' Association and I gave it to them.

Q. Very well.

A. Then there was another one, the Canadian Emigration Society of Liverpool. There were one or two others, but I cannot call them to mind at the moment.

Q. Then you go on: 'I have very strong reasons for wishing anything of this kind that may be done shall be through the gentleman to whom I have referred.'

A. Yes.

Q. Tell us your strong reasons ?

A. My strong reasons were particularly my personal intimacy with Leopold, whom I explained was a very intimate friend of mine, and I was satisfied all the time that whatever was done through him would be done fairly, squarely and honestly.

Q. How long had you been intimate with him ?

A. I had then known Leopold about a year.

Q. He was a German Jew ?

A. Yes.

Q. From Germany ?

A. Yes.

Q. And had you had any transactions with him at all ?

A. No.

Q. He had just come over, and under the name of Louis Leopold———

A. Quite so.

Q. ——alias Lazarus, or Lazarus alias Leopold ?

Q. I did not know anything about Lazarus being his name I think until about two years ago. The changing of the name in that way is done frequently in Great Britain.

Q. You have said he was introduced to you by some Germans ?

A. No, I think he had letters of recommendation from the office, the banking office in which he had been employed.

Q. What office was that ?

A. I cannot tell you at this moment, it is a German name.

Q. Were they not people interested in the North Atlantic Trading Company ?

A. No.

Q. No connection ?

A. No.

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Q. Quite sure of that ?

A. Quite sure of that.

Q. Quite sure that he was not procured to be sent over to you by people interested in the Trading Company ?

A. I never heard it, I don't think so.

Q. You do not believe it ?

A. I do not think it, I never saw anything to convince me of that.

Q. You say after the first conversation with him, 'after his conversation with me I would rather feel that I was breaking faith with him if he was to give place to any one else.'

A. Yes.

Q. Had you made anything like a bargain with him?

A. No, I had not.

Q. You pledged yourself to him ?

A. No, but some such expression I think was used, because Morris, or the agent of the Allan line of London, got the idea into their heads that instead of appointing an agent they would open a general office.

Q. Yes ?

A. Yes, and not to give the agency to any one in fact, and I remember now that that phase of the conversation came up, or was presented, and it is probable that if the letter is incorrect it certainly was in conversation I made that appeal.

Q. If they opened a general office it would not be giving it to anybody else ?

A. Oh yes, it would.

Q. Do you mean to say if they appointed a general agent for the Allan line that they would have prevented him and you having this understanding with each other by which you would send information to Leopold ?

A. They would simply send some one down from the head office.

Q. They would not go into the bonus business ?

A. You would have to ask them. I think they were disposed to go into it.

Q. Did you see any objection to letting them have it ?

A. No, only I thought up to that time Leopold had proposed it and it is rather unfair to take it from him. And that leads me further to the fact that it was a proposal of his own that the labour bureau was established.

Q. I may recall to your mind that the conversation on this subject was only on the day before you wrote the letter?

A. It was only one of many conversations with Leopold in connection with this immigration propaganda that had been going on for well nigh a year.

Q. 'I was called on yesterday by a very responsible fellow.' Is that the way you would represent the result of many discussions.

A. If he called on me the day before——

Q. That was the way you would put it?

A. He certainly had not called the day before for the first time.

Q. You were conveying to Ennis that you had had a conversation with a man on this subject. I suppose you would say that he called on you yesterday.

A. It is quite possible. I suppose we do not show all that is in our hands when we are negotiating with two or three people.

Q. I do not think you did?

A. I am trying to tell the hon. gentleman very much more than he wants to know.

Q. Possibly. I want to know as much as I can.

A. Possibly. You don't manifest much curiosity on the point.

Q. Let me ask you here, was that letter on business?

A. I do not think that I just catch your meaning.

Q. Was it a business letter or a private letter?

A. It is marked 'private and confidential.'

Q. Answer my question. I ask is it a business or a private letter?

A. I should say it is private and confidential.

Q. Was it private or business?

A. It is undoubtedly private and confidential.

Q. That is the only answer you will give?

A. Quite so, it bears that on its face.

Q. Will you say it was not a letter purely on the business of the immigration department?

A. I can hardly say it is purely on that.

Q. Then it was on your business?

A. No.

Q. Your business was on it?

A. The letter speaks for itself.

Q. I suppose the public will have to draw their own conclusions?

A. Quite so.

Q. Why didn't you put that letter on the files of the department at Ottawa?

A. Oh, I did not see any occasion for it. There were very few letters of mine up to a certain time came to the department.

Q. None of this class?

A. Nor of any other class almost. I was largely left to my own resources in carrying on the propaganda there for some time.

Q. Yes. Well, we will see the next letter. You say in your next letter on the 10th June, 1903: 'The department is debarred from furnishing any specific information respecting the possibilities of labour in Canada by mechanics, artisans and others. This has therefore led to the establishment of a labour bureau by large employers of various kinds of mechanical and skilled labour, which has taken shape in the Canadian Labour Bureau.' I would have thought from your letter that this was the result of your conversation between you and Mr. Leopold.

A. I cannot help what you think, Mr Barker.

Q. From what you have said I would have thought it was the result of discussion between you and Leopold?

A. I cannot help that.

Q. You say there were large employers of various kinds of labour; who were they?

A. I cannot tell you. He showed me at one time letters from this side of the Atlantic asking for labour.

Q. Of course, he has been there now three or four years and there may have been thousands of letters since. 'This has led to the establishment of a labour bureau by large employers of various kinds of mechanical and skilled labour, which has taken shape in the Canadian Labour Bureau.' That is the Labour Bureau?

A. I must admit I cannot follow it myself.

Q. I think I understand what you are conveying?

A. Of course, if you are giving the evidence?

Q. I am reading your letter: 'This has therefore led'—it is a fact that the government would not interfere in these things—'this has therefore led to the establishment of a labour bureau by large employers of various kinds of mechanical and skilled labour, which has taken shape in the Canadian Labour Bureau.' Who were these people that asked this?

A. I cannot tell you. The paragraph seems very much mixed up.

Q. Quite a bit?

A. It is not very clear.

Q. You do not know then what that means?

A. No, I cannot tell what it means.

Q. Has it any meaning at all or any foundation in fact?

A. I cannot tell you. The paragraph seems contradictory.

Q. You do not know whether there was any foundation for that statement?

A. I do not understand the statement, to be frank with you.

Q. I will read it again. You are referring in the previous part of your letter to the difficulties with the labour union?

A. Yes.

Q. And that they were demanding from the Government your recall or dismissal?

A. Oh, yes, that was one of the things.

Q. 'Alleging encouragement on my part respecting the emigration of others than agriculturists.'

A. Yes.

Q. This opposition, you say, to your supposed conduct had begun as early as June, at least, and then you go on to say 'there is therefore'—now these are your words, 'this therefore led to the establishment of a labour bureau by large employers of various kinds of mechanics and skilled labour, which has taken shape in the Canadian Labour Bureau.'

A. I would rather think that that meant the establishment of a Labour Bureau in connection with the Manufacturers' Association here ?

Q. And not Leopold ?

A. Oh, yes.

Q. Oh, Leopold?

A. No, not Leopold.

Q. Another one ?

A. No, no, the Labour Bureau started on this side of the Atlantic, here among the large employers of skilled labour. It seems the only meaning to it.

Q. I will read another sentence. 'Although I am not supposed to know anything about the workings of the company, I necessarily made inquiries as to its bona fides, and also the financial standing, of those who were interested in its inception,' was that the company out here ?

A. No, that does not sound like it.

Q. I should say not. Can you tell me who are the large employers of labour who established this bureau ?

A. It is contradictory, I think there must be a mistake in copying there, because there could not be employers. I really cannot understand it. I would like it explained if possible.

Q. You cannot tell me who are the large employers of labour ?

A. Oh, yes, I could tell you who were the large employers of labour over here, but I do not know—

Q. Who form this Labour Bureau ?

A. The impression I had when you read it was that it is somewhat contradictory, that it had reference to a labour, or a Labour Supply Bureau, provided for by the Manufacturers' Association on this side of the Atlantic.

Q. But who forms the Labour Bureau you were speaking of ?

A. Only Leopold.

Q. 'Although I am not supposed to know anything about the workings of the company I necessarily make inquiries as to its bona fides' ?

A. Yes.

Q. You knew Leopold & Company ?

A. I did. He called himself a company, yes.

Q. 'Also the financial standing of those who were interested in its inception' ?

A. Yes. I did not know of any one who was interested in the Labour Bureau other than Leopold.

Q. Did you say you made inquiries as to their financial standing ?

A. Yes.

Q. About whose financial standing ?

A. I could not tell you.

Q. That was romance, was it ?

A. No, I do not know that it was. As I said before I should like to see the original letter. I am not admitting by any means that that is a copy.

Q. We will no doubt have the original ?

A. I have no doubt the same source which gave you the copy will give you the original, you are evidently in communication with the parties.

Q. 'Having satisfied myself on those points I have not regarded the subject as of any further concern in so far as its work respecting Canada is concerned.' You washed your hands of it then ?

A. Yes.

Q. You had no further interest ?

A. I will not say that. I took an interest in his business, in that sense, almost until the time he left. I was inquiring of him how he was getting on, he was a very intimate personal friend of mine, and I am not ashamed to say it. But shortly after this I might say, the attention of the department was called by the labour organizations here to the connection which I had for a while with his office, was sent from our office there, where parties came into our place and asked for information as to whether they could get employment, skilled mechanics and artisans, they were with my permission directed to Leopold. At what period I could not tell you, but not very long after that consultation, I think after the visit from Mr. Smart, it was decided it would be inadvisable for the office in London to recommend any inquirers to make inquiries from Leopold.

Q. You say that owing to inquiries from this side, you and Mr. Smart went to Leopold's office ?

A. We did.

Q. And investigated the correspondence on his files ?

A. Yes, we did.

Q. Now what did you want to go and investigate his correspondence and files for ? Did you not know what his business was and all about it ?

A. I knew what his business was, but I wanted to assure myself that the charges which were made here against him of one kind or another were either true or otherwise to see if he was confining himself to the kind of business which he told me he was going to establish, that is to send skilled mechanics and artisans only when he could send them to places where labour was waiting for them.

Q. Did you not know that the complaint here was against sending any mechanics or artisans ?

A. In so far as the government were concerned, yes, the government office.

Q. And on that you and Mr. Smart went to the office to search the correspondence and files ?

A. We went to see what kind of business he was doing.

Q. To see if he was sending mechanics and artisans to Canada ?

A. Oh, no.

Q. Is not that what Mr. Smart was there for ?

A. No, I do not think so, not so narrow as that.

Q. Was not the object of the inquiry to see if this company was sending mechanics and artisans ?

A. No, not altogether.

Q. It was not that ?

A. No.

Q. You say then it was only to see whether there was anything or not ?

A. No, I was anxious to know, in view of the complaints which were being made from time to time, whether he was really conducting the class of business and along the lines that he told me he intended to.

Q. Was not that examination made by you of that man's correspondence and files a pure fiction ?

A. I grant you it was a pure piece of impertinence on our part but he was willing to allow us to go through his files.

Q. On your part, and also on Mr. Smart's part was it a pretense?

A. There was no pretense at all about it.

Q. You knew the facts ?

A. I knew what I had been told by Leopold and I wanted to see if it was true.

Q. You knew what the office was created for ?

A. I knew partly what the office was created for.

Q. Why did you want to examine to see whether he was doing that or not ?

A. In order to see whether he was doing what he said he was doing.

Q. Did you not know what he was doing ?

A. I knew what he said he was doing and I wanted to see and I went over his correspondence and found that he had application for thousands of mechanics from firms from Quebec to Winnipeg, and he declared to me that these were the only ones he was sending to Canada.

Q. Was not that the complaint that he was sending mechanics ?

A. I suppose it was one of the complaints, yes.

Q. Was it the only one, was the complaint of the unions here that they were not sending good enough mechanics ?

A. No, I think the complaint of the unions was that they were sending men for whom there was no employment.

Q. Did you ascertain, did you search the files to see if he was sending men here that had no employment ?

A. To see if he had applications for employment which he said he had.

Q. You examined all that ?

A. We did not examine all, we examined a good deal.

Q. You and Mr. Smart ?

A. Yes.

Q. And you were satisfied ?

A. I was satisfied that he was running an honest business.

Q. Was Mr. Smart satisfied too ?

A. Mr. Smart was satisfied too.

Q. And the business continued ?

A. No, not as far as we were concerned. As I said it was very shortly after that, I could not tell you just the date, when I gave instructions in the office that no more inquirers were to be sent to Mr. Leopold under any circumstances.

Q. Up to that time, every inquiry that was made, was sent to Leopold ?

A. Not at all, it was only mechanics, who would make inquiries as to whether they could get employment in Canada that we were sending to Mr. Leopold.

Q. You sent him nobody else ?

A. Nobody else.

Q. No agriculturists ?

A. No, certainly not.

Q. Are you quite sure of that ?

A. I know I did not, and I know what the instructions were in the office.

Q. You have paid him from $1,300 to $1,400, for bonuses ?

A. Leopold was, outside of Cook's doing the largest advertising for Canada of any booking agent in the United Kingdom, so of course he had an enormous correspondence himself.

Q. Has the department paid him some $1,300 or $1,400 for bonuses ?

A. I could not tell you what the amount was, they have certainly paid him a considerable amount, because he sent a large number of agriculturists out, a very large number.

Q. Were you not interested in sending out these ?

A. Any agriculturists?

Q. Yes?

A. Certainly we were.

Q. If people inquired, would you not send them to Leopold?

A. Not agriculturists.

Q. You would refuse to?

A. If they went there it would be sending people there to book. I told the people in the office, I told them they had better send them to an office like the Canadian Pacific Railway, and then we would not have to pay a bonus at the Central office.

Q. You did not send people to any other office?

A. Oh, we have sent mechanics to other offices, but not agriculturists. At least when I say that I am speaking of course subject to the clerks having carried out my instructions.

Q. Of course, I suppose your clerks might do a little on their own account and you could not help it?

A. They might do it.

Q. Now these are the two letters I handed you the other day, they purport to be copies of the originals that you say are supposed to be in Lord Strathcona's hands.

A. No, I do not say they are supposed to be there at all, because I wrote to Lord Strathcona in August claiming that he should either return the originals to myself or to Mr. Ennis—what he did with them I do not know—as they are not his property.

Q. Do you claim, Mr. Preston, that you can write on the business of the department and make it confidential by writing 'confidential' on it or not?

A. I claim that any letter upon which I wrote the word 'confidential' is by the English law, my property, or the property of the man that receives it. Under the English law, any man having received it, other than the sender or receiver, is subject to very serious penalties in the courts.

Q. Do you claim that you, writing as an officer in the department, a letter on the business of the department, that you have the right to put 'private' on it, and to write to an officer of the department and to say it was not to be read by the public?

A. I claim that any letter which I write, marked 'private' is the property of myself and the man who receives it.

Q. You conduct your business on that principle?

A. I do write letters in that way, and the law in England would sustain me.

Q. Of course not being an English lawyer, I won't presume to contradict you, but that is the view you take of your rights, that you can write a letter on the business of the department and put the word 'personal' on it—

A. Not personal, so much as 'private and confidential.'

Q. Would it be necessary to have it both 'private' and 'confidential'?

A. I do not think it would.

Q. Either would do?

A. Either would do, yes.

Q. I have here several letters marked 'private and confidential,' which have been produced by the government.

A. That may be.

Q. Would it not be very wrong on the part of the government to produce those?

A. I am a public servant, I am not here to criticise the government.

Q. I see at page 38—Oh, when you send out copies of papers, you send exact copies, do you not?

A. I fancy so, they are copied by the clerk, I never copied one myself.

Q. Having received or written a letter yourself marked 'private and confidential,' and afterwards in sending a copy of that to the department, you would not omit the 'private and confidential?'

A. No, any letters sent here are not copied by myself they are copied by clerks.

Q. On page 41, of the file produced of letters to Mr. Jury and other correspondence,

there is a letter from you on the 15th of December, 1904, addressed 'My dear Mr. Jury,' and then you go on—that is not marked 'private and confidential,' but at page 38, where he writes to you in answer to that, he says: 'On the 15th of December, I received a letter from you marked 'private and confidential,' and he gives quotations of the exact words of your letter ?

A. Yes.

Q. I find again that you acknowledge that letter of his in which he says that was 'private and confidential,' and you do not contradict it. Can you recollect if that letter of yours to Mr. Jury was marked 'private and confidential.'

A. I do not know, but I have no doubt you have it.

Q. It is here but not marked.

A. I have no doubt you have the original if you will let me see it.

Q. It is a letter from you to Mr. Jury.

A. It is no doubt available, it is very easy to get hold of it.

Q. You say in the following letter again, 'I wrote you on the date stated telling you that I was coming up to have the conversation referred to with you, but I thought it better to put the matter to you in the form of a private letter.' There was no object, or was it a mere oversight in that letter of the 15th of December, to omit the words in the copy sent to the Government, 'private and confidential.'

A. I really could not tell you.

Q. Did you give your copyist directions in sending that copy to the Government not to put the words 'private and confidential' on it ?

A. Certainly not.

Q. If it is an inadvertance, I do not want to go any further with it, because the letter itself is marked 'private and confidential ?'

A. I think, if you will read further on, Mr. Jury says to me: 'I am now sending all the correspondence to Ottawa.'

Q. Yes, he referred it to Ottawa ?

A. Yes, and I then anticipated his action by sending the correspondence to Ottawa.

Q. They were marked private when it suits you ?

A. Not at all, you will also find in the same connection that I declined to accept admissions from him, even in a private and confidential manner, an official acknowledgment that his accounts were wrong.

Q. Never mind, we do not want that now.

A. I am only telling you.

Q. I have no doubt everybody will know all about these matters ?

A. Yes.

Q. In regard to those letter books that you referred to, some have disappeared, you say ?

A. Yes.

Q. Did they contain business letters too ?

A. They were largely letters of a private character.

Q. Largely so ?

A. Yes, according to your contention perhaps some of them might be business letters, but according to my own proposition they would not be. I must admit that I wrote some letters about office work over there to Mr. Smart and I have no doubt that in some of those letters there were comments that I would not care to have made public, and they are no doubt marked private.

Q. But they were on the business of the department?

A. Yes, in a sense they were.

Q. And they are copied in these letter books ?

A. I think they must have been all copied in the letter books, yes.

Q. Were these letter books the property of the government ?

A. It would be a question.

Q. Who paid for them?

A. The government paid for them.

Q. And you were copying government letters in them?

A. Copying letters such as I spoke of.

Q. And perhaps occasionally you would put an absolutely private letter in them?

A. Quite so.

Q. These letters are the letters which you say are in the office of the High Commissioner?

A. No.

Q. These letter books?

A. No, I never said anything of the kind.

Q. I am asking you with regard to the letter-books which you say are in the possession of the High Commissioner, or which you suppose to be?

A. I have not said—

Q. Are these of the class that you have been speaking of?

A. I have said nothing of the kind. The letter-books which I have been discussing were not in the office of the High Commissioner. I never said they were.

Q. The letter-books are not there?

A. No.

Q. I understood you to say he had got the letter-books as well?

A. No.

Q. Well, you don't know what became of them?

A. I do not know.

Q. But they were not your private letter-books in the sense I might have a letter-book or you have one for your own private affairs?

A. Well, it is a question.

Q. Anything you choose to mark 'private' is private?

A. I think it is. I may be wrong.

Q. The books were not your own private property?

A. The books were paid for by the government.

Q. And I suppose all this work was done by government officers copying and so on?

A. Quite so.

Q. I suppose the High Commissioner is your superior officer over there?

A. He is.

Q. In immigration matters?

A. He is.

Q. When did you cease having any—call it relations—any business connection with the Bureau?

A. I do not think that I just catch your meaning?

Q. At a certain stage you stopped sending information?

A. I think it was very shortly after it started.

Q. How long, a year after?

A. Less than that?

Q. Less than a year?

A. I think so.

Q. From that time forth did Mr. Leopold have any information from you or your office?

A. I am told not.

Q. Who told you not?

A. The clerks in the office.

Q. How did they happen to tell you, did you ask them?

A. I asked them. I got a statement, I think, from all of them, and sent it to the High Commissioner, now that you speak of it.

Q. Do you know a Mr. Duncan?

A. Yes.

Q. Where was he employed ?

A. He was employed in the London office.

Q. Is he the gentleman who made an affidavit on that subject ?

A. I never saw it.

Q. Never heard of it ?

A. No.

Q. You don't know that Duncan said that Leopold had access to your files ?

A. First I ever heard of it. Mr. Leopold never had access to my files.

Q. You did not give any ?

A. I believe not. Some of the clerks may have.

Q. Not with your permission ?

A. Not with my permission or consent. Perhaps I should qualify it, there are a large number in the office.

Q. You told us last meeting that when you first knew Leopold he was doing a German emigration business?

A. Quite so.

Q. Through England—through English ports ?

A. Yes, I fancy through English ports.

Q. He would not come to England to do a direct continental emigration, would he ?

A. Oh, he might have had connection with one of what they call 'Rye's Bureaus of Booking Companies' in Antwerp, or Rotterdam.

Q. He could carry that business on in England ?

A. He could carry it on from England.

Q. Did he continue that business after he established the bureau ?

A. Oh, yes.

Q. And would he get $5 a head, or the Trading Company get $5 a head for anything that was sent over to that office ?

A. That I cannot tell you.

Q. According to your arrangement ?

A. I had no arrangement with him at all.

Q. According to the arrangement with the company would they get $5 a head for German immigrants that Mr. Leopold sent over ?

A. They would get a bonus on all continental immigrants of certain classes arriving at a Canadian port.

Q. I asked you regarding the German immigrants. We can come to the others?

A. Say the German, Germany is on the continent.

Q. He was doing a German emigration business ?

A. Yes.

Q. And continued to do it ?

A. Yes.

Q. And the Trading Company would get $5 a head on any German immigration for Canada of a particular class?

A. Quite so.

Q. Then, if he sent over German immigrants of that class would the Trading Company get $5 a head on them ?

A. They would.

Q. And on British immigrants, Leopold would get seven shillings for adults and 3/6 on children?

A. On agriculturists and domestic servants.

Q. On the same classes?

A. Yes.

Q. Did you ever make a report in writing to the department as to the mechanics that were being sent out ?

A. I cannot tell you, Mr. Barker.

Q. Were you ever asked to report ?

A. I really cannot tell you. I have discussed it with the deputy in a general way, and he has been over there.

Q. You knew as a fact that for some time the minister, the government, was found fault for the supposed connection of your office with Leopold in sending out mechanics ?

A. Oh, yes.

Q. You know that any connection on your part with Leopold in that respect was emphatically denied by the government ?

A. Quite so.

Q. Did you correct that when they asked you ?

A. There was no connection between Leopold and my office.

Q. Did you tell them just what you have told us now as to your relations with Leopold in that respect ?

A. Told the deputy minister.

Q. Anybody else ?

A. I do not think anybody else.

Q. You told Mr. Smart ?

A. Yes.

Q. Did you obtain a license for Leopold from other steamship companies ?

A. I did not obtain a license for him from any.

Q. Did you apply for them ?

A. I did not apply for any.

Q. Did you write for any ?

A. I recommended him as to his credibility and so forth.

Q. Did you send your recommendations direct to the companies, or only give them to Leopold to give to the companies—did you write to them yourself saying you desired a license to be granted ?

A. No, I do not think I put it in that way.

Q. You did not ?

A. I do not think so. I really have no recollection whatever as to the particular phraseology I applied.

Q. Have you any of what you call 'private correspondence' with Leopold that has not been sent to the government ?

A. No.

Q. You have none—that was all verbal ?

A. I have had nothing that you would call private correspondence with him.

Q. I mean private in the sense you put it, private business letters ?

A. None whatever.

Q. With the Trading Company ?

A. Never had.

Q. The North Atlantic Trading Company ?

A. No.

Q. You have had no correspondence with anybody on behalf of the company in writing that you have not copies of ?

A. No.

Q. Nothing at all ?

A. Nothing at all.

Q. Nothing with the Arundel Printing Company ?

A. Nothing at all.

Q. Quite sure ?

Q. Quite.

Q. Nor any officer of it ?

A. Nor any officer of it, nothing that I know of that is not on our files.

Q. There has been nothing with anybody else of a private character connected with the Emigration Department or its business or its officers except what you have brought ?

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A. It is possible that there were private letters, as I was telling you, dealing with the somewhat complicated situation in the early history of the work—that was with Mr. Smart, but I could not just exactly tell you what the nature of them was. I wrote to him more than once pertaining to the business there.

Q. What became of those letters ?

A. I really cannot tell you.

Q. You have not got them ?

A. No.

Q. What did you do with them ?

A. I do not know what Mr. Smart has done with them.

Q. What did you do with the letters from him ?

A. I really cannot tell you.

Q. He tells us that he destroyed all the letters he had when he left the department. Did you destroy yours ?

A. Possibly some of the letters have been destroyed, but they have not been destroyed with any sinister motive.

Q. It was done on the spur of the moment, accidentally?

A. No,—I have a good many private and confidential letters from this side of the Atlantic. On general principles I tear them up the day after I read them.

Q. Even when they are on business ?

A. No.

Q. Private and confidential letters relating to business ?

A. They would hardly relate to the business. They would be more personal than business. I do not think anything has been destroyed in the office relating to business at all—I am quite sure of it. The fellows at the office have been very fair. When I see a letter, unless it is purely personal, it goes out into the file.

Q. I am not speaking of purely personal letters but rather of letters to you marked 'Private' or 'Private and confidential,' and relating to the department or departmental interests or affairs. Have you had anything of that kind with Mr. Smart ?

A. I do not recall anything of that kind at the present, except possibly a few letters in the beginning, when there were certain matters in connection with the situation in the High Commissioner's office about which he and I had some correspondence, which, I think, I wrote of my own hand.

Q. Was that destroyed ?

A. Oh, yes—they were what you might call purely personal.

Q. Did you write to him on subjects connected with the department ?

A. If you would call that connected with the department.

Q. You did write letters to him ?

A. Yes.

Q. Unfortunately we cannot get his. Have you yours?

A. No, I can give the substance of some of them.

Q. No, unless I get typewritten copies of them.

A. I have not on file any typewritten copies, but there was nothing in any of them that there would be any occasion of keeping from the public.

Q. You have been asked about Solomon Sallinger ?

A. Yes.

Q. Who is he ?

A. Interpreter in the Liverpool office.

Q. Was he employed to collect names of various European immigrants through Liverpool ?

A. Yes.

Q. For the North Atlantic Trading Company?

A. He was, yes. He had done that in a way, that is in a kind of perfunctory way for a number of years. I wanted it to be done more thoroughly.

Q. The object was to enable them to see how many went from Liverpool?

A. Oh, not at all.

Q. What was it?

A. He would not get the names of those who were sailing; he would simply get the names and addresses of their friends and relatives whom they had left at home. There never was a suggestion—

Q. Didn't he get the names of the sailors?

A. No, there never was a suggestion of such a thing.

Q. Did he get that on behalf of the Trading Company?

A. He was to get names and addresses of the friends or relatives or acquaintances remaining in the foreign countries of those who were sailing.

Q. And who paid him for that work?

A. The North Atlantic Trading Company paid him.

Q. How?

A. Paid him through me.

Q. Through you?

A. Yes.

Q. You gave him your own cheque?

A. No, I do not think—I believe not.

Q. Quite sure?

A. I would not be quite positive, but I am fairly positive.

Q. Did they ask you to pay him?

A. They occasionally, when their manager or secretary was—

Q. Did they ask you to pay him, say yes or no?

A. No, I cannot say yes or no. Whenever the manager or secretary was in London, he gave me £5 or £10 to be sent to Salinger. It was on my own suggestion that Salinger was asked to do a good deal more work than he had been doing; to get a very much larger number of names. I take all the responsibility for it.

Q. And you paid him?

A. I paid him.

Q. Did you ever pay him before you got the money from the company?

A. No.

Q. Quite sure of that?

A. No.

Q. How much do you suppose you paid him?

A. I should have cabled on Friday, I will find out for you.

Q. Tell me as nearly as you can.

A. Probably once in three or six months—once I think I got a letter saying he had not had anything for eight or nine months.

Q. He would write to you?

A. Yes.

By Mr. Foster:

Q. Who was Salinger?

A. He was interpreter in the Liverpool office.

Q. Paid by the government?

A. Yes. I suppose I could have ordered him to do this work without any extra pay. If any blame is attached to any one for paying him the money I must take the blame.

By Mr. Maclean (Lunenburg) :

Q. You said that on this German immigration of Leopold's that the Trading Company would get $5 and that Leopold would get seven shillings.

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A. No, Leopold would get nothing on the same people. There was no double bonus paid.

By Mr. Barker:

Q. There would be no double bonus paid?

A. No.

Q. On German immigration of particular classes coming through Leopold a bonus of $5 a head would be paid to the Trading Company.

A. Yes.

Q. Even though they went through Leopold's agency?

A. Quite so.

Q. Then on British people he would get his own bonus?

A. Yes, he would get seven shillings.

Q. Seven shillings and 3s. 6d.?

A. Yes. Foreigners who pass through British ports or British ticket offices to Canada, if they had lived in England or Great Britain I think six months, they then came under the head of British, and although their names might be foreign and alien he would be paid on them.

Q. Did Leopold know that these people would get $5 a head on people he sent over?

A. Yes, and I may say just here I only got a letter on Thursday which has somewhat lifted the veil about Leopold and the North Atlantic Trading Company, and from that letter I judge that Leopold is the London agent now to carry on the propaganda from Great Britain in Germany.

Q. That is he is the London agent of the North Atlantic Trading Company?

A. Yes, this I did not know until a letter I received on Friday or Saturday.

Q. How long has he opened that agency?

A. I cannot tell you.

Q. Didn't you tell us the other day that he was agent for the North Atlantic Trading Company?

A. I do not think I did. I think I said I was not clear on it. The letter I got two or three days ago makes that clear.

Q. I think I asked you the question?

A. I think I said I did not know.

Q. You say you did not know until Saturday?

A. I did not know until Friday or Saturday, the latter part of last week with positiveness.

Q. How did that become to be made known to you?

A. The letter from Leopold on Thursday.

Q. Did you ask him for the information?

A. No. It rather came out casually in the letter he wrote to me.

Q. He told you that he was the agent. Has he just been appointed?

A. No, he did not say anything at all about it.

Q. How did it happen that he told you that he was their agent. Do you know?

A. No.

Q. Are you quite sure?

A. Yes, I am quite sure.

Q. No reason to know or believe after all the transactions you were having over there with him that Leopold was their agent?

A. No, he had kept that from me.

Q. He had?

A. Yes, undoubtedly.

Q. Does that shatter your confidence?

A. Not the slightest. Of course as I say I knew he was carrying on a—

Q. Who has been their agent all the time in London?

A. I do not know of any.

Q. Have they never had one?

A. No one whom I recognized as their agent.

Q. No representative of any kind?

A. No.

Q. What do they want Leopold for?

A. I cannot tell you.

Q. And how long now since you suspected he was their agent?

A. I cannot say I even suspected it. It was simply no concern of mine.

Q. You had an impression?

A. I cannot say I had an impression. At the same time I knew he was carrying on this German business.

Q. When you told him that he would get $5 a head on his business did he say, I have a share?

A. I never said I told him that.

Q. Then you never did tell him?

A. I have no recollection of having a conversation with him at all on the subject.

Q. You have recollection of telling him they would get $5 a head on every German emigrant to Canada of that particular class that he sent over?

A. No.

Q. Well, don't you think you should have told Leopold that?

A. No, I do not see that I should have. I know a good deal of that work has to be carried on not from the housetops.

Q. He was getting nothing on all that?

A. I cannot tell you.

Q. The trading company were getting $5 a head?

A. He was getting nothing from us.

Q. And you did not believe it was right to tell him that the company were getting $5 a head on the immigrants that he worked up and sent to Canada?

A. No.

Q. You were acting more as a friend of the trading company than the bureau?

A. I do not see that there was any special occasion for me publishing on the housetops different things that are known to me.

By Mr. Foster:

Q. I do not understand clearly what Mr. Salinger did?

A. When I went over there Mr. Salinger was expected to get the addresses in some sort of way of the connections and relatives and acquaintances of foreigners passing through Liverpool, I think, very largely sailing directly to Canada or the United States. It occurred to me that that work ought to be enlarged there, and I wanted the company to appoint some one especially at Liverpool to interview the foreigners either going to Canada by our own lines, the number of which was very limited, or to the United States, with a view to getting the addresses of their friends, their relatives or their acquaintances remaining on the continent, and thus open correspondence with them with a view of diverting their immigrating tendencies towards Canada. They could not find any one sufficiently conversant with the different languages that would have the right, and who would likely have without difficulty the entry to what is known as the boarding houses of the various steamship companies, and it occurred to me that Mr. Salinger, our own man, would have the entry to these offices and boarding houses such as would not be available to anybody else. He would in that way be able to get a very much larger number of addresses than any one going there an absolute stranger. That was the way I came to ask him to undertake the work.

Q. Mr. Salinger gives his whole time to the Dominion service?

A. Yes.

Q. He is under salary from the Dominion?

A. Yes, but his time is not what you might term for clerical or official work. He is a general interpreter, going around a good deal among the foreigners.

Q. You pay him a salary. His day is ours for work, and he is at our disposal, and you set him to work for the North Atlantic Trading Company?

A. Which he could do outside his office hours, and which I have asked him to do. If there is any blame attached to it I have to take the blame.

Q. Who did he send the addresses to?

A. To me, or to our office.

Q. What did you do with them?

A. They were sent to the office of the North Atlantic Trading Company at Amsterdam.

By Mr. Barker:

Q. Then you have acted as agent of the North Atlantic Trading Company?

A. Yes, I have, if you choose to put it that way in this matter.

Q. What else did you do for them?

A. I think that is all.

Q. Are you quite sure that is all?

A. Yes, I think that is all; all I can call to mind at this moment.

Q. Try if you cannot recollect a little more than you did?

A. I really cannot bring anything to mind this morning at this moment.

Q. Not this morning?

A. Nothing else occurs to me at this moment here, any other than keeping in close touch with them, always rubbing them up.

Q. Who was the man with whom you transacted business on behalf of the syndicate?

A. I do not know that I just catch what your meaning is by 'transacting business.'

Q. I mean the man you transacted business with?

A. With whom I consulted regarding their work?

Q. Anything you like.

A. Mr. Cohen.

Q. Who is he?

A. He is their secretary.

Q. Where does he live?

A. I cannot say where he lives, he is in Amsterdam a good part of the time.

Q. Is he not in England, too?

A. Sometimes he comes to England.

Q. Has he not an office there?

A. No; well, if he has I have never known it.

Q. What is he?

A. What nationality, do you mean?

Q. No, what is his business?

A. He is secretary of the North Atlantic Trading Company.

Q. Is he in any other company?

A. I do not know of any other.

Q. Have you ever seen him on the continent?

A. Oh, I have seen him at scores of places on the continent.

Q. Have you seen him at his office?

A. At Amsterdam, yes.

Q. Where is his office?

A. I cannot tell you the street exactly, it is one of the front streets, it is the office of the North Atlantic Trading Company in Amsterdam.

Q. Is that the office Mr. Smart told us about ?

A. No, that was in the earlier stages.

Q. What does he call this, is it the Damrach?

A. It is Damrach or something of that kind, I am not sure whether Damrach is the number of the box, or the number of the office. We have envelopes in the office officially directed to them at Damrach 92.

Q. Mr. Cohen has an office address in Amsterdam ?

A. Yes.

Q. Did you have correspondence with him ?

A. Yes, nothing special, I presume that I have had correspondence with him, but if so the letters are all on the file.

Q. From him and to him ?

A. Yes, at least so they tell me in the office.

Q. There is nothing marked 'private' or 'confidential' ?

A. If they are they are on file.

Q. You have not anything that you call private which you are not producing ?

A. No.

Q. How did you know that he was appointed their agent ?

A. I really could not tell you that, he seemed to be representing them and his name was also in the contract.

Q. Is he one of the contracting parties ?

A. He is one of the contracting parties.

Q. He is one of the syndicate, then ?

A. I do not know whether you can call him one of the syndicate, he is one of the contracting parties, as one of their officers.

Q. You say he is one of the contracting parties ?

A. Of course, what I mean by that is, that he is one of the signatories to the contract.

Q. He signs it as a principal ?

A. No, I think he signs as manager or secretary, I am not just clear which, it is one or the other, secretary, I think.

Q. You mean that he had no personal interest except as an official ?

A. I would fancy so, but I could not say as to that.

Q. You really do not know whether he was a member of the syndicate or not?

A. I really do not.

Q. You do not know whether he is a member of the present corporation or not ?

A. I really do not.

Q. How many of the syndicate did you ever meet personally ?

A. Well, if you count Mr. Kohen as one and the other official, Mr. Gluck.

Q. Mr. Gluck is an official, too?

A. Yes.

Q. There is no concealment about Mr. Gluck, we have seen him everywhere whenever the names come up ?

A. Yes.

Q. Who else ?

A. I have possibly met, although I cannot swear they are in it, about four or five members, perhaps more ?

Q. You have met perhaps four ?

A. Perhaps more.

Q. Perhaps more?

A. Yes.

Q. What was their occupation, each of them?

A. They were——

Q. Take the first one, call him 'A' if you like?

A. Yes, I think they are all booking agents.

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Q. All tickets agents, is that what they are called in this country ?
A. Yes.
Q. All for steamship companies ?
A. All booking agents for steamship companies.
Q. All Amsterdam people ?
A. No.
Q. Some of them ?
A. Possibly.
Q. There were four booking agents, did you know any man that was not a booking agent ?
A. Yes, now that you speak of it, I think I know one.
Q. What is he ?
A. I think I know two ?
Q. What are they ?
A. I think one was a broker.
Q. A broker, eh ?
A. Yes.
Q. What kind of broker, a stock broker?
A. I do not know whether you would call him a stock broker or not, it was an exchange, a broker or exchange office.
Q. An exchange broker ?
A. Yes.
Q. And what is the other ?
A. The other one I have in my mind, I do not know, and I am not quite clear, I know that he is connected with the company and doing their work, but whether he is interested otherwise, I could not tell you, he is running a general office of inquiry.
Q. An inquiry office ?
A. Yes.
Q. Now then that is four——

By Mr. Foster :

Q. No four ticket agents and two others ?

By Mr. Barker :

Q. Are there any others—is that all ?
A. No, I have another one in mind.
Q. Who is he ?
A. He is a booking agent, a very large booking agent.
Q. A very large ticket agent ?
A. Yes, and I have another one in mind at this moment.
Q. What is the other one ?
A. He is a booking agent.
Q. Any other ?
A. Yes, I have another one who is running an inquiry office, a large office.
Q. An inquiry office ?
A. Yes, information office.
Q. Positions for servants and that sort of thing ?
A. I could not tell you.
Q. Are there any other now or are they all yon know ?
A. Oh, I have met representatives of the company, but whether they are simply representatives or whether they are in it I could not tell you.
Q. Well, you said to Mr. Smart on the 23rd of October, 1899, 'the syndicate will have in its number some of the most experienced booking agents in Germany, men of

responsibility who thoroughly understand all the various phases of continental immigration law who intend to start with a capital of $200,000 to prosecute the work. I may also add that the financial means of the gentlemen in question really represents a very much larger amount.' How did you ascertain all that ?

A. Well, I ascertained that from the gentlemen with whom, I am not sure whether it was in the first place or in the second place, I was negotiating about the contract.

Q. But before you could give such a statement as that to the department you must have made particular inquiry about these people that you seem to have very little recollection about just now ?

A. I have not said to you that I do not recollect just now.

Q. Well, you had to work it out rather slowly ?

A. I wanted to be sure of my ground.

Q. Where did you make this inquiry about the financial strength of these people?

A. That was the representation made to me by the gentlemen with whom I negotiated, either the first or the second gentleman.

Q. Who was that gentleman ?

A. Oh, I cannot tell you that name.

Q. You cannot tell me the man who gave you the financial standing of these people ?

A. Certainly not.

Q. But you took the representation of one man as to the financial strength of the syndicate ?

A. But you know there are reasons which it is not necessary to state here—

Q. You took the representations of one of the syndicate that they were men of great financial stability ?

A. Quite so.

Q. Did you get information from any body outside them ?

A. Yes, I have made inquiries outside that, now that you remind me of it.

Q. Were they for the purpose of seeing whether these people had financial standing ?

A. Quite so. Well, they offered, this representative offered when I pointed out the difficulties that would inevitably arise if the business got to be a large one, under our system of government and inquiry, that with a view of withholding their names and of proving their bona fides they were willing to put up practically any amount of money that the government asked as security.

Q. You did not ask that ?

A. Yes, I thought that would be a very good thing to do, and eventually they did put up a sum as security you know.

Q. Oh, yes, they did agree to, and I believe they put up $5,000 ?

A. They were willing to put up $50,000 if necessary.

Q. That was after they had got the $5,000 from the department?

A. They were willing in the first place to put up $50,000.

Q. As a matter of fact they got more than $5,000 out of the department before they put it up?

A. Oh, yes.

Q. Who is Mr. Albert Pfeifel ?

A. He is in the office, one of those in the office at Amsterdam.

Q. Is he one of the syndicate?

A. I could not tell you.

Q. You cannot tell me?

A. No, I cannot tell you.

Q. Then you do not know all the syndicate?

A. No, I do not know all the syndicate.

Q. Have the members of it changed from time to time?

A. I could not tell you.

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Q. You do not know that?

A. No.

Q. You do not know whether the men who were in it at one period are the men who started it?

A. I really could not tell you. I fancy they have been enlarging their borders rather than restricting it.

Q. Others have joined it?

A. I think so.

Q. Have you any reason to think so?

A. Only from the outlook of the work.

Q. And who is Mr. Pfeifel?

A. He is in the office at Amsterdam.

Q. What office?

A. The office of the North Atlantic Trading Company.

Q. He is not in any danger of arrest?

A. Not in Amsterdam.

Q. He is not?

A. No, I may tell you just here that in consequence of the despatches sent from here after some warm discussion in the House of Commons, and the charges that it is a fraudulent institution, I was told just before leaving London that the police came to the office and asked all of those who were in the Amsterdam office to accompany them to the police station.

Q. Mr. Pfeifel amongst them?

A. Yes, and for an hour or two the authorities put them through a very rigid cross examination in order to produce evidence of their bona fides as, of course, Holland would not allow for a moment an office to be carried on in that way that would cause discredit.

Q. I thought there was no discredit to this work in Amsterdam?

A. I said there was no objection to our work going on in those countries other than a degree of police supervision—

Q. Stick to Amsterdam please.

A. I am talking of Amsterdam. In Amsterdam there are police restrictions in regard to any one taking up his residence or opening an office; he has to assure, to convince the authorities of his bona fides and the honesty of his business, and then—

Q. Your business surely was honest?

A. It was very honest, quite honest, and after a sort of rigid examination and detention for about an hour, the authorities were satisfied that this was a legitimate business.

Q. When was that?

A. About four days before I left London.

Q. That is over, I suppose, for good now?

A. I think so.

Q. And Mr. Pfeifel went on for years without being disturbed and owing to the little fuss that there was in the papers they thought there must be something wrong, and they had him up for inquiry and it is all over now?

Q. It is over, yes.

Q. Tell us the names of the others in Amsterdam?

A. Well, I am telling you that the other man was Mr. Cohen.

Q. Were there some others? I thought you said there were some others in Amsterdam in the syndicate?

A. Not that I know of.

Q. Nobody from Holland at all in that syndicate?

A. I think Mr. Pfeifel and Mr. Cohen are the only ones there—they are the only ones I have seen there.

Q. You do not know whether they are members of the syndicate or not?

A. I do not, but I know they are connected with the company.

Q. Then you cannot tell us a single man in Holland who is connected with the syndicate?

A. No, they do the Holland business from this office in Amsterdam.

Q. Will you tell us what countries they belong to?

A. What countries who belong to?

Q. The syndicate?

A. Well, as I understand that they belong to, at least they are carrying on work —I can give you the countries they are carrying on work in.

Q. In what countries are the syndicate resident now?

A. I cannot tell you, I know some of them, I suspect others.

Q. You only suspect others?

A. Yes. The company have offered two or three times, not the company, but Mr. Cohen has offered two or three times to give me the full list of names in confidence, but I have declined to receive the information in that way.

Q. Then you say you do not know the residences of these people?

A. No.

Q. Of how many do you know the residences?

A. Well, I think I could go over probably six of the large shipping ports where I believe they carry on business.

Q. Where they carry on business?

A. Yes.

Q. Tell me what they are?

A. No, I shall not tell you that.

Q. You will not do that?

A. I explained to the other committee and I shall explain here why I cannot——

Q. Never mind about the other committee. I ask you of these men that you know, you know the residences of how many?

A. Six or seven of the great shipping ports.

Q. And they are members of the syndicate?

A. I am not sure that they are. I have perhaps a fairly well grounded suspicion that they are. They at least are working actively.

Q. Is there one that you know to be a member of the syndicate?

A. I would not swear positively.

Q. Not one?

A. No.

Q. Although you made this representation as to them?

A. Yes.

Q. To the department?

A. Yes.

Q. You cannot say positively that any one that you know, that any one man is a member of the syndicate?

A. I believe, I think I can say I fairly believe that the one to whom I have special reference there is in the syndicate, and if he is he is worth at least 5,000,000 of marks.

Q. You will not tell where he lives?

A. No.

Q. He must be a man of mark all right?

A. There are a good many men over there on the continent in the booking business, it is a very large business.

Q. You have been on the continent very frequently, have you not, in all these countries?

A. Very frequently.

Q. And I suppose you are well known in—I won't say in police circles?

A. Yes, I suppose I am well known in police circles over there.

Q. Were you not afraid on going there of getting into a dungeon yourself?

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A. No, I was not.

Q. But these men would be in great danger ?

A. These men would certainly, if it was known, the suspicions that would be created about their propaganda going on.

Q. Under the contract there was to be nothing against the law ?

A. You must know the police there are pretty much a law unto themselves.

Q. The police on the continent are very active and inquisitive.

A. Yes.

Q. Do you mean to say that for the last six years that these people could not have been traced if the police desired ?

A. I do not think they could.

Q. You do not think so ?

A. No, I do not.

Q. You say that upon your oath ?

A. I do. I do not think they could.

Q. It must be wonderfully concealed.

A. Well, look at the results of the work.

Q. They must have bank accounts ?

A. Yes.

Q. They must have a well-known office ?

A. Yes, in Amsterdam.

Q. Would they arrest an agent if he went outside of his limits ?

A. If they wanted to, I presume so.

Q. Put him in jail ?

A. I presume so.

Q. I do not think they could put the screws on them ?

A. If the representative in Amsterdam carried on a propaganda in Germany and crossed the border he would stay there.

Q. I suppose he has never departed from Holland all the time ?

A. No, he has not. They have carried on no propaganda in Germany from Amsterdam.

Q. None of the countries ?

A. Not in Germany.

Q. I thought you said that Kohan was manager or something at the head office ?

A. Yes.

Q. Hasn't he carried on any propaganda from that office ?

A. Not from Amsterdam.

Q. Not from the head office ?

A. No, certainly not.

Q. I am afraid the police would not take that view.

A. No.

Q. That is the head office ?

A. Yes.

Q. Where they manage all their business ?

A. Where they are supposed to manage all their business.

Q. Where they send their correspondence?

A. Where we send our correspondence.

Q. Doing that in countries where for doing it they would be subject to arrest?

A. If they operated in Germany under the name of the trading company and gave the address of Amsterdam they would be taken hold of very shortly by the German police.

By Mr. Pardee :

Q. Give us that explanation that you gave us the other day in the other committee.

A. When I went over in 1899 I met some of these parties there who immediately

met me with the objection that there was no use trying to carry on a propaganda in favour of Canada, in view of the fact that Lord Strathcona and Mr. Colmer, a few months previously, had been in Hamburg and had addressed a meeting of booking agents with a view to securing their co-operation in carrying on a propaganda in favour of Canada. Lord Strathcona did not know that he was violating the law, or the police regulations of Germany in any respect when he gathered a number of booking agents together at the hotel in Hamburg for the purpose of talking to them on this subject, and shortly after his return to London he was made aware, through the Foreign and Colonial Office of the mistake that he had made, and was duly notified from the German ambassador that he had infringed upon the German law, and would be held responsible, severely responsible for it if he returned to Germany unless he could convince the authorities that he had not done that which the police reported to the authorities he had done. So that, in the first place, I was met with this obstacle, the question of the activity of the police and the authorities on that occasion, and they told me that I might as well return to London, that there was no possibility of securing the carrying on of a propaganda on the continent. However, I was sent there to get emigration if possible, and I was not disposed to give it up without trying to work out some solution of the problem whereby work could be carried on. And finally—I cannot say now where the suggestion came from, but it came in the course of conversation between a number of us, we thought that it might be possible to secure a syndicate of booking agents throughout the continent to engage in this work, and a pooling of the government bonus, a division of the receipts and a guarantee from a syndicate of this kind that they would expend so much money each year on the continent in furthering the immigration propaganda to Canada.

But at once they said they could only take the matter up with me provided they could speak in a thoroughly confidential manner. To that I demurred, as being a government officer, and without having any authority to enter into negotiations of that kind. Of course I could not be bound unless the government or the department approved of this confidential phase. At any rate, I told them that in the meantime we might go on and try and outline a plan, and if the government gave its assent to the confidential nature of the negotiations, then of course I would be bound by anything that I told them, but if the government would not give its assent, then the conversation or negotiations which we were having would be as if they had not taken place. I would give my own personal guarantee and keep it as to their confidence. The various difficulties surrounding the preparation of accounts and the payment of bonuses were gone into very thoroughly, and they were willing to concede anything or everything with a view to entering into an arrangement which might be mutually satisfactory. They were willing, as I said a few moments ago, to put up a deposit with the government of anything from $10,000 or $50,000 as an evidence of their good faith. They were willing that the accounts for bonuses should be made up entirely in the department, and that they would not have to make up accounts there to be certified either by their own officers or any one else, and they were willing to guarantee to expend a certain amount of money every year, the amount subject to the audit of any one representing the government or the Department of Interior, as that the department and the government would be satisfied that they had expended the money which they claimed to spend in the propaganda.

Briefly, that is the outline of the negotiations, but they made it a *sine qua non* that they could not undertake to risk in the face of the laws of the various countries the carrying on of an open propaganda in favour of Canada or any other country, and they only wanted to be paid by results. Eventually the contract went through. I may say just here, that the general principle was submitted to Lord Strathcona as my superior officer there. He approved of the general principle, and every phase of the negotiations outside of the mention of the names of the parties was also submitted to Lord Strathcona, and he has given his own views in the correspondence here as to whether he approved of the proposals or not. For years this work has gone

on in that way with the results which the committee are no doubt well aware of, but the work could not have been done without the promise on my part, afterwards ratified by the department, that the personality of these people could not be revealed except with the consent of the contracting parties.

Q. Lord Strathcona knew the whole thing, what was going on?

A. He knew all about it, and has placed himself on record as knowing about it.

By Mr. German:

Q. Can you tell us definitely as to the financial position of the members of this trading company?

A. They are very wealthy men. As I have said, the manager on more than one occasion has offered to give me all the names with the same degree of confidence that I hold as to his and to allow me to inquire as to their standing, but I have declined to take their names, for the reasons that I do not care about holding them secret where there are so many interests at stake.

Q. Are these men whom you reasonably believe to be members of this trading association experienced in immigration work?

A. Yes, they are.

Q. Large or otherwise?

A. Very large, some of them.

Committee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
WEDNESDAY, May 23, 1906.

The Select Standing Committee of the House of Commons on Public Accounts met this day at 11 o'clock a.m., Mr. Belcourt in the chair, and proceeded to the further consideration of the accounts of the North Atlantic Trading Company, as set out at L—26 of the Report of the Auditor General for the fiscal year ended June 30, 1905.

The examination of Mr. W. T. R. Preston continued.

By Mr. Barker:

Q. You said there was a letter book which got astray in the wrong trunk. Have you brought that book?

A. (Producing book.) This is it, Mr. Barker. There are some loose pages here, but they represent, I think, a report to Lord Strathcona. I do not know for what purpose they were torn out. This is just as I found it.

Q. I may as well ask you the question whether you signed cheques in the absence of Lord Strathcona who countersigns?

A. Under the second order in council they were countersigned by Mr. Just. Under a subsequent order in council they were countersigned by my chief clerk, Mr. C. A. Allen.

Q. Who was Just?

A. Mr. C. J. Just.

Q. What was he?

A. He was the chief clerk in the office.

Q. In your office?

A. In my office.

Q. Then when you signed cheques on the emigration service in the absence of Lord Strathcona, the countersigning was done by a clerk in your office.

A. Quite so.

Q. So that between you and your clerks you had authority in Lord Strathcona's absence to sign any cheques?

A. Quite so. The order in council makes it very clear, or the orders in council rather.

Q. I see that you have been giving a series of letters to the press, Mr. Preston?

A. Yes.

Q. Yesterday?

A. Yes.

Q. And I see that some of those letters are from you to Lord Strathcona?

A. Quite so.

Q. Relating to correspondence we have been talking about?

A. Quite so.

Q. Relating to emigration matters?

A. Not to emigration matters I think.

Q. Are they not? What were those letters that I have been reading, those copies?

A. Here they are. Here is the file.

Q. Why did you not produce this?

Q. I have produced them all.

Q. Were they among your productions?

A. They are all here.

Q. All those letters you published yesterday?

A. Quite so. One of the reporters came and asked me some questions. I said: 'The letters are all in the Public Accounts Committee,' and he came and got the copies here.

Q. I perceive that you used very strong language about the gentleman whom you think got these letters. You spoke of him as a scoundrel and so on, and I intend to follow that up. Would you modify that language if you knew that the letters were entrusted freely and voluntarily by Ennis to this gentleman?

A. But the letters were not entrusted freely.

Q. I am asking you the question?

A. Quite so.

Q. If Ennis gave those letters to either of the people you referred to, would that modify your language?

A. Not as they were got under the plea that Lord Strathcona sent for them.

Q. What I have to find fault with you about, Mr. Preston, is that you do not listen to the whole question?

A. I am very sorry, I shall endeavour to listen.

Q. If Mr. Ennis had voluntarily and freely given the letters, without any inducement or representation, would you modify your language?

A. I do not know that I would in view of their being 'private and confidential.'

Q. You still would call men scoundrels who received those letters from Mr. Ennis though given by him freely and voluntarily?

A. And made the use of them that they endeavoured to make.

Q. I am speaking now of the receipt of them.

A. I am speaking of the use of them.

Q. By Mr. Jury, for instance?

A. Yes.

Q. Supposing Ennis gave him those letters to take with him anywhere he liked and he made copies of them, would you say he was a scoundrel?

A. Mr. Ennis says he did not give them.

Q. Answer the question. Would you say he was a scoundrel because he accepted those letters from the man who held them?

A. And made the use he made of them.

Q. I ask you as to the acceptance of them, the making use of them you can deal with otherwise. Would you call a man a scoundrel, an officer of the department, who received these letters from Ennis that were given to him freely and voluntarily, the original letters?

A. Well, it is a question. As the letters were 'strictly private and confidential' I would use a very harsh term about any one who would undertake to make use of letters of that kind and publish them without getting the consent of the writer and the sender.

Q. I have not said anything about making them public. I say leaving aside the use of them for the present, supposing they were not private and confidential but were business letters, what would you have said?

Q. If they were business letters?

A. Yes.

A. Oh, I do not know. That is a hypothetical question; it is simply a matter of opinion.

Q. If Mr. Ennis gave the original of a business letter on emigration freely to Jury would you call Jury a scoundrel?

A. Allow me to read the letter I have here from John Ennis.

Q. I am not asking you about John Ennis, I am asking you this question?

A. I withdraw nothing in any of my letters.

Q. I am not asking you whether you are withdrawing anything in any of your letters. If Mr. Ennis had letters from you relating to the business of the department, not private or confidential, and he gave them to Mr. Jury, an officer of the department, would you say Jury was a scoundrel for receiving them?

A. No, not a letter of that kind. Now, if you would allow me to read a letter I have from Mr. Ennis dealing with the subject, Mr. Barker. (Reads)—'July 8th'—

Q. I have not asked you to do that; you can put them in afterwards. And by the way, there is a good deal more to be published on this subject.

A. Very well.

Q. When you wrote those letters to Ennis every word in them was on business, was it not, excepting the words 'private and confidential?'

A. Oh, business in a sense, yes.

Q. Of the emigration department?

A. Business in a sense, yes.

Q. Of the emigration department?

A. Yes.

Q. Every word was on business excepting the words 'private and confidential?'

A. Perhaps it would be hardly as strong as that, Mr. Barker.

Q. Well, every sentence in all the subjects dealt with were business matters of the emigration department excepting the three words 'private and confidential'?

A. I do not think they were.

By Mr. Chisholm:

Q. The words are 'strictly private and confidential.'

A. I think they were rather with emigration matters and respecting Mr. Leopold and the booking office.

By Mr. Barker:

Q. Yes?

A. Yes.

Q. And for the purposes of emigration?

A. No, for the purpose rather of selling tickets on the one hand and emigration on the other.

Q. Emigrants to Canada?

A. Emigrants to Canada, quite so.

Q. Well, I think we have got that all pretty well now.

A. That was one of the points.

Q. Mr. Jury will swear as to how these letters were given him by Mr. Ennis?

A. Unfortunately he has given a letter signed by himself to the very opposite effect.

Q. We will explain why that was written?

A. Quite so. I have a letter from Mr. Ennis in which he states the very opposite.

By Mr. Gervais:

Q. Would you read the letters?

A. (Reads):—'July 8th, 1905'——

Objection raised to the reading of the letters.

The CHAIRMAN.—If any member of the committee wants the letters read they must be read.

The WITNESS.—Here is a letter of mine to Mr. Ennis on the subject, dated July 7th, 1905:—

'MY DEAR SIR,—With regard to the subject matter of my last correspondence with you, Lord Strathcona has just told me and authorized me to use his name in

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connection with the statement that in regard to the copies of the letters which you state in your communication to me that Mr. Jury showed you before you gave up the originals that he (Jury) is prepared to swear that the originals were given to him by you or from your office, and that the copies which you allege he subsequently showed you had actually been procured from you or your office. I may say that whatever opinion I may hold in regard to the giving up of the originals, this aspect of the case is one that I cannot possibly believe, and I think it only fair that you should be made acquainted with what he said.

'Yours truly,
'(Sgd.) W. T. R. PRESTON.

'J. Ennis, Esq.,
'The Allan SS. Line, 19 James St., Liverpool.'

Mr. Ennis replied to my letter as follows :—

'Passenger Department,
'Alexandra Buildings,
'19 James St., Liverpool,
'July 8, 1905.

'DEAR MR. PRESTON,—In your letter of yesterday you make the statement that Lord Strathcona says Jury is prepared to swear that the originals of your letters were given to him by me or from this office. If Mr. Jury is prepared to swear this he is prepared to swear an untruth. I am sending your letter to Lord Strathcona with copy of list.

'Yours truly,
'(Sgd.) JOHN ENNIS.

'W. T. R. PRESTON, Esq.,
'Canadian Emigration Commissioner,
'11-12 Charing Cross,
'London, England.'

By Mr. Barker :

Q. That is all right, Mr. Jury explains all that and just why all that passed. Did Mr. Ennis not tell you he has authorized Mr. Jury to tell the facts ?

A. Well, here is Mr. Ennis' letter.

Q. It is only fair to tell you that Mr. Jury is going to swear to this with the authority of Ennis ?

A. And Mr. Jury has published a statement in black and white over his own signature, and the letter relating to it is in the possession of Lord Strathcona.

By Mr. Gervais :

Q. Have you in your possession a letter written by Lord Strathcona to the Hon. Mr. Oliver, Minister of the Interior in relation to the other two letters already read ?

A. No, I have not. On that point I have only the information which is contained in the memorandum here in respect of Mr. Jury's admission to Lord Strathcona. Lord Strathcona showed me a three-page typewritten letter signed by Mr. Jury, I recognized his signature, in which Mr. Jury explained how he first came into possession of my private and confidential correspondence with Mr. Ennis. (Reads.) Mr. Jury's letter stated that he (Jury) was in Mr. Ennis' office some time early this year when Mr. Ennis was opening his mail, and among the letters was one marked 'private and confidential' from Mr. Preston. That while he was calling Mr. Ennis left his private office, leaving my private letter open on his desk ; that he (Jury) explained he had no qualms of conscience against 'reading Preston's private correspondence,' and before Mr. Ennis returned to his office he had made himself conversant with the letter in question,

and that he remained in Mr. Ennis' office until he saw Mr. Ennis file this letter in a large envelope which he had in one of the pigeon-holes of the roller-top desk ; that he then made up his mind that he would get possession of that parcel of my 'private and confidential letters,' and that he went into Mr. Ennis' office on several occasions with that object in view, until one day he found him absent from the office and his desk open, and he then took the envelope, containing these letters from Mr. Ennis' desk and walked out of the office. That he immediately came to London and showed the letters to Mr. Griffith and Mr. Just, and that he subsequently took copies of them upon official paper of the office of the Commissioner of Immigration, Charing Cross, and that after he had done so he watched his chance to get them back into Mr. Ennis' desk in the same way without the knowledge of Mr. Ennis or any of the officials of the Allan line.

I asked Lord Strathcona for a copy of Mr. Jury's letter, but he said that he did not know whether he would be able to let me have a copy of it, inasmuch as it was addressed to Mr. Griffith, but that he (Lord Strathcona) intended making the letter official.

By Mr. Barker :

Q. Is that one of the letters you published or gave to the press ?

A. That is the memorandum the press got from these files.

Q. And it is with reference to that, I tell you now, Mr. Jury has obtained a cable message from Mr. Ennis asking him to tell how that occurred.

A. I may say in addition that Lord Strathcona—

Q. There is not a word of truth in it ?

A. I am only telling you the letter that was signed by Mr. Jury which Lord Strathcona told me he had received from Mr. Griffith which, in the first place, was unsigned. Lord Strathcona refused to accept it and he returned it to Mr. Griffith, and it was brought back to him two or three days later with the signature 'A. F. Jury,' attached to it. Lord Strathcona in my presence and in the presence of four witnesses referred to this letter. He told it himself in Ottawa last January and incidentally promised to leave a copy of the letter here. If Lord Strathcona has the letter it can easily be produced by cable.

Mr. GERVAIS.—A cablegram should be sent to Lord Strathcona asking him to forward the original by mail.

Mr. BARKER.—Unless it is here.

The CHAIRMAN.—Make a motion to that effect.

By Mr. Barker:

Q. Now, Mr. Preston, in your letter to Lord Strathcona which you have referred to, you have used this expression 'I prefer that they shall be returned to Mr. Ennis.' That is the letters?

A. Quite so.

Q. 'Unread, rather than to myself. I do not wish to have them in my possession until another course is taken by me to make you conversant with their contents, if you desire.'

A. Yes.

Q. Will you be good enough to tell the committee why you wanted Lord Strathcona to send them back to Ennis without reading them?

A. Yes, I will. When I first saw Lord Strathcona on the subject, I think on May 31, 1905, having received from Mr. Ennis a letter in the meantime telling me how he had given the letters up and perhaps I ought to commence there. At any rate the story is briefly this: I was leaving London in the latter part of May, and got a telephone message in the morning from a friend telling me that certain private and confidential letters, the original copies of correspondence between myself and Mr. Ennis, had been placed before Lord Strathcona, and that Lord Strathcona had refused to read them. On my way across to Ireland I dropped Mr. Ennis a letter asking him if there was any

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truth in this, and if so, would he kindly let me know the particulars. A day or two afterwards I got a letter from him sent to London and then on to Dublin, in which he stated that some time early in the year, Mr. Jury had come to him with alleged copies of letters which I had written to Mr. Ennis marked 'private and confidential' and that these copies were made on the official paper of my office, and he had therefore supposed he had got them from my office. Jury told him that these letters had been shown to Lord Strathcona and that he was going to send for the originals. Some little time after that Mr. Griffith came up there and told Mr. Ennis that he was instructed by Lord Strathcona to procure from him copies of certain private and confidential correspondence between myself and Mr. Ennis, that in the first place he had refused to give the correspondence, claiming that it was private and confidential.

By the Chairman:

Q. Do you mean copies or originals?
A. The originals.
Q. You said copies?
A. He came then for the originals. He had the copies, but he wanted the originals.
Q. You said copies?
A. He wanted the originals, stating that His Lordship could not take cognizance of the subjects dealt with unless he had the originals, and Mr. Ennis after discussing the thing for some time only on the receipt of an official letter from Mr. Griffith gave up the originals. That was the situation when I saw Lord Strathcona on the date mentioned. Lord Strathcona then very frankly told me that some time before Mr. Griffith had handed him letters marked 'private and confidential,' at least copies of letters marked 'private and confidential,' and he refused to read them until the consent of the writer and receiver had been secured, alleging in his own gentlemanly way, the secrecy and the honour attached to private and confidential letters.

By Mr. Barker:

Q. Supposing they were?
A. He alleged they were, and they were marked 'strictly private and confidential.' Note was taken of Mr. Ennis' letter where he said he would not have given them up unless he had an official letter, and Lord Strathcona then suggested to me that I should write to Mr. Ennis and get a copy of this alleged official letter. I wanted that he should write but he did not care about it, and gave me authority not only to write but to telegraph to Mr. Ennis that day. Then the following day this letter came from Mr. Ennis, or a day or two afterwards:—

'ALLAN LINE, 10 JAMES ST.,
'LIVERPOOL, June 2, 1905.

'DEAR MR. PRESTON,—I had not time to write you yesterday, all my time being taken up with the dispatch of the *Bavarian*.

'I have now to acknowledge your letter of the 30th ult., from Dublin, your telegram of the 31st, from London, and your letter of yesterday.

'The following is a copy of the letter which Mr. Griffith delivered to me in reference to the letters in question:—

"OLD CASTLE BUILDING,
"LIVERPOOL, April 20, 1905.

"DEAR MR. ENNIS,—Copies of certain letters from Mr. Preston to yourself, dated February 27, 1903, June 10, 1903, and July 30, 1903, bearing upon the establishment of the Canadian Labour Bureau at Charing Cross, have been placed before Lord Strathcona. Before His Lordship can take cognizance of the said letters it is necessary he shall have the originals, which are presumably in your possession. I have come to Liverpool with His Lordship's permission, to ask you, if you have no objection, to

be so kind as to deliver to me, for transmission to the High Commissioner, the letters in question.

"Yours truly,

"Sgd.) W. L. GRIFFITH,

"*Secretary.*"

'I did not part with the letters before asking the opinion of a legal friend. He said, "You could be compelled by legal process to discover the letters, but what possible harm can you do to your friend by parting with letters identical copies of which are already in the possession of the person asking for the originals." It was under these circumstances that I did not like to show a disposition to refuse a request coming from such a high authority as Lord Strathcona, and I now very naturally feel annoyed at being dragged innocently into a dispute between you and Messrs. Griffith and Jury. Your dispute, whatever it may mean, should rest between yourselves.

'I will not allude to the expressions in your letter of the 30th, which were no doubt penned when you were smarting under a circumstance which I am sure must have given you very great annoyance. I am sending Lord Strathcona a copy of Mr. Griffith's letter, and remain,

'Yours truly,

'(Sgd.) JOHN ENNIS.

'W. T. R. Preston, Esq.,
'Commissioner for Canadian Emigration,
'11-12 Charing Cross, London.'

I gave Lord Strathcona this letter early on the morning on which it was received, and after reading it more than once he turned to me and said, 'I have only'—

By Mr. Barker:

Q. Are you reading?

A. This is my own statement now. Lord Strathcona said, 'I have only to say that every line in Mr. Griffith's letter is a lie.'

Q. If made officially?

A. I have explained that part of it, yes.

Q. Mr. Griffith is Lord Strathcona's private secretary?

A. No, he is not.

Q. What position does he occupy?

A. He is official secretary to the office of the High Commissioner.

Q. And is there now?

A. And is there now.

Q. Now will you tell me why if these letters were honest and there was no impropriety in them, that you should want them returned by Lord Strathcona without looking at them?

A. Yes, I will. Lord Strathcona—

Q. I asked you that ten minutes ago, and I would like you to answer the question straight now?

A. I am going on to answer it. Lord Strathcona himself had taken the greatest possible umbrage at letters marked 'private and confidential' being given to him, that he could not read them and would not read them without my consent. I did not give my consent, and when Lord Strathcona, later on, sent for me and produced this letter to which I referred in the memorandum which I read signed by Mr. Jury.

Q. You are just reading your statement?

A. And giving you all the particulars.

Q. I want to know why you—

A. I will tell you.

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Q. I want this witness to answer the question. He is going over the ground that he has already covered once. I want from yourself the reason that you wanted Lord Strathcona to return these letters to Ennis without looking at them?

A. I wanted these letters returned to Ennis without Lord Strathcona looking at them in the first place because they were Mr. Ennis's property and mine; in the second place, I was quite willing that Lord Strathcona should read them and every private and confidential letter that I have ever written from London or since I have been employed in the government service, provided those letters were either secured from me or secured in the proper form. But in my letter to Lord Strathcona, as I set forth, and we discussed it then, I claimed that whatever doubt there had been previous to Mr. Jury's admissions as to whether the letters were stolen or not there could then be no doubt, and I then entered my protest against Lord Strathcona reading the stolen letters.

Q. Let me ask you this: Supposing they were stolen and that they were letters that Lord Strathcona supposed to be private letters, supposing they were private letters, was there any reason that you should object in order to clear yourself, in order to free yourself from suspicion?

A. I was not trying to clear myself from any suspicion.

Q. In order to clear yourself from any suspicion why should you not have said to Lord Strathcona, 'Open the letters and read them, I have no objection'?

A. You have used the term suspicion. I said to Lord Strathcona then, 'Lord Strathcona, if you have the slightest suspicion through Mr. Griffith or otherwise as to my having been guilty of any conduct such as I should not have, either in connection with these letters or anything else, here is my resignation now.'

Q. You did not want him to see the letters?

A. I was quite willing he should see them. He refused to take my resignation. I then said 'let me, for Heaven's sake, have six months or three months leave of absence. Here are the keys of my office. You can go through my desk, my letters and everything. You have full power and authority from me to go through everything.'

Q. But you asked him to return those letters to Mr. Ennis?

A. That was months afterwards, Mr. Barker.

Q. This is your statement here?

A. That was two months at least after I made this offer to Lord Strathcona, and I told him then in conversation 'there is no letter I have written, although I have written some personal letters, some positively criticizing those associated with you in the High Commissioner's office, but I have no hesitation whatever in allowing everything I have written even the letters which according to my statement have been stolen, to be read to you. I will take my own way—and that is why I preferred they should go back to Mr. Ennis—to let you be conversant with their contents again.'

Q. He had not seen even the copies that had been sent to him before that, had he?

A. He had the copies, as I say, before that.

Q. Had he seen them?

A. I cannot tell you.

Q. He told you he had not.

A. He told me in June he had not read them.

Q. He had a couple of months before the copies, but he told you that he had not read them?

A. He told me in June he had not read them.

Q. Then when the originals were there, he believing they were private and confidential letters, you did not say to him: 'Lord Strathcona, open the letters with my consent'?

A. Certainly not.

Q. You told him to send them back unread?

A. I told him to send them back to Ennis unread, that I would rather they would

go to Mr. Ennis than myself, lest the charge be made afterwards that I had done something with them, and I would take another course of placing him in proper form in possession of these letters.

Q. After writing the two letters to Ennis did you send on March 5, 1903, a telegram or message to this effect: 'Shall I consult London office subject private letter late date *re* office proximity new premises'?

A. I could not tell you.

Q. You do not recollect that?

A. I have no recollection whatever.

Q. This was just after you were writing to him about the office for Leopold. This was just after the two letters were written?

A. I have no recollection of it at all.

Q. After writing Ennis twice, first of all suggesting that he or his company should open an office, and then after the good fellow you had met the day before had made a suggestion, you do not recollect that you telegraphed Ennis as to applying to his London office to open an office?

A. I do not. It is likely that you have the telegram, and if you will produce it I will verify it.

Q. You would not know a scrap of paper anyway?

A. I would know if it was genuine or not.

Q. You would not know from those words 'shall I consult London office'?

A. I would not.

Q. That would be the London office of the Allans, would it not?

A. I fancy so.

Q. 'Subject private letter late date,' that might signify one of these letters, might it not?

A. I would like to see the telegram.

Q. '*Re* proximity new premises'?

A. I will not discuss it at all.

Q. Do not these letters all apply?

A. I simply will not discuss it with you or give you any answer.

Q. If you will not discuss it we will have to form our own conclusions. The witness says he will not discuss the matter unless I produce the telegram?

A. That is what I told you. I am only asking what is fair.

Q. Did you at any time request the Rev. Oliver Dawson, Rector of St. Jude's, Bradford, that he should book people for Canada through Leopold?

A. I do not remember anything of the kind.

Q. You do not?

A. I have seen hundreds of people on the general question of emigration.

Q. In your advertising literature scattered throughout England you recommend persons to apply to Leopold as a desirable booking agent?

A. I referred to that question yesterday.

Q. I did not ask you what you said yesterday. I want you to answer the question I put to you?

A. Personally, I did not, but it was done in the form of a stereotyped reply to inquiries in the office. At that time we were getting about 8,000 or 10,000 letters a day, and I suggested to my chief clerk that he should try and classify them into seven or eight different phases of inquiry, so that instead of having so much labour in the office to write or dictate letters every day, in respect of these pretty well settled classes of inquiries, he should draft a number of, as I said, stereotyped replies. I did not revise his replies, his forms, and so I was not aware until some four or five weeks after of the contents. I gave instructions that copies should be sent to all the agencies, copies of those stereotyped letters should be sent to all the agencies so that they might adopt them if they wished in connection with their own correspondence. After my attention had been directed to the circular letters by Mr. Smart from Paris, I asked for copies

and found for the first time that a reply was being sent to skilled mechanics' inquiries to Leopold. On revising the copies after my attention had been called to them, I found this paragraph in regard to the Canadian Labour Bureau, and immediately issued instructions that they should be withdrawn. I made inquiries as to the possible number that were sent out and the clerks told me that anywhere from probably 50 to 150 had been issued, but they could not tell. I gave instructions to the agencies, to the agents, that they should not use them, as it was directly contrary not only to the policy of the department but to my own policy.

Q. That is as regards mechanics?

A. That is as recommending mechanics applying to the Canadian Labour Bureau.

Q. To mechanics applying?

A. Applying to the Canadian Labour Bureau.

Q. You let it go as to everybody else ?

A. No, I do not think I did.

Q. You let it go as to anybody else?

A. No, they were all destroyed, No. 7, I think they were simply withdrawn, all that were issued, when it came to my knowledge.

Q. Did you ever protest against what Mr. Leopold was doing in sending mechanics to Canada?

A. I did not protest, I had nothing to do with his business; I had no right to protest.

Q. You did nothing of the kind?

A. No, we cannot boss the booking agents, Mr. Barker.

Q. Answer my question, please, I do not want a speech.

A. I am sorry you have to have an explanation, but you are not acquainted with all the facts and that is why I have to explain.

Q. I do not want to know more than I ask you, some other gentlemen may want to know it and they will get it. You said the other day there was no use in your objecting, that was the expression you used?

A. Yes.

Q. But you got Leopold his license?

A. No, I did not get him his license, I recommended him.

Q. You applied to Morris for him?

A. No, I did not.

Q. You wrote to Morris?

A. I recommended Mr. Leopold who had written to these people long before that.

Q. Your influence was sufficient to get him appointed?

A. I do not think it would either prevent him getting it, or get it for him, taken alone.

Q. If you had shown these shipping companies who were shipping large numbers of people to Canada that you were suspicious of him, that there was any objection to him, could you not if necessary have had him stopped?

A. I did not see any necessity for objecting.

Q. Could you not have stopped him by representing the case to the agencies?

A. No, I am quite sure I could not. Because, in the first place, he had proved his respectability and honesty and that could be the only subject under consideration.

Q. Was it the practice when mechanics or labourers came into the office for information for them to be referred to Leopold?

A. For a short time it was.

Q. And when was it stopped and why?

A. Well, it was stopped because I saw the incongruity of it, or I saw that it was not the proper thing to do.

Q. Why?

A. Why? In the first place, because I thought he should not receive that assistance from the office owing to his contiguity to it, and it would naturally create a

degree of dissatisfaction among the other booking agents in the immediate district. And in the second place I realized as I had not realized at first that the policy of the department was not to encourage the emigration of skilled labour.

Q. That is to say in 1904; I am quoting from Mr. Smart's letter or memorandum produced here by the department?

A. Yes.

Q. Did you not create the office for the very purpose of getting mechanics through Leopold?

A. I did not create the office. Kindly do not put words in my mouth.

Q. Did you not assist Leopold to start that office?

A. I assisted Leopold to start that office.

Q. For that very purpose?

A. Not that only; he was engaged sending agriculturists out as well. I am not trying to shirk anything I have done in the matter, so do not be at all alarmed on that score. Anything I have done I take responsibility for.

Q. Well, it was going on; who did send people to Leopold's office?

A. The clerks at the counter very largely.

Q. To your knowledge?

A. To my knowledge for a while.

Q. Did you send him the list of those inquiries ?

A. No.

Q. Never?

A. No.

Q. Did you not know they were being sent?

A. No, I did not know they were being sent.

Q. Are you quite sure about that?

A. Quite sure about that. I suspected they were and took steps to try and find out, and took, eventually, steps when I found out the result of my inquiries were not satisfactory, to see that certain clerks who had the run of correspondence earlier than that should not have it again.

Q. They were sent for a time?

A. I cannot say they were.

Q. I thought you said they were ?

A. No; it was rather a suspicion of mine that they were, and I am not quite clear that my suspicion was well founded.

Q. In your letter of , 1904, to Mr. Smart, you say, 'It is a damnable lie that letters were sent out?'

A. I do not remember that, but it was quite natural under the circumstances I should imagine.

Q. You say, 'In regard to the correspondence which comes to me, I can say without hesitation that not one scratch of the pen is ever given to Leopold.'

A. Yes, that is, of course, with my official knowledge or consent.

Q. Of course anything that was done was 'P. & C.' I suppose ?

A. I do not understand your expression, Mr. Barker.

Q. Private and confidential?

A. No, it was not done privately or confidentially.

Q. Do you know James Duncan, of your office, who it is said swore to the fact that such was done?

A. No; some one in one of the committees suggested that such a declaration was made, but that was the first I ever heard of it.

Q. Mr. Chairman, I would like to send to the department for the declaration of James Duncan, made in 1904?

A. I had occasion to report Mr. Duncan for rendering a fraudulent account.

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Objection by Mr. German, that a declaration by Mr. Duncan could not be accepted as evidence; that Mr. Duncan would have to be present personally.

By Mr. Barker:

Q. Did you, at any time, receive from any person or company, directly or indirectly, any money in relation to sending emigrants to Canada?

A. Oh yes, I have received a good deal of money in regard to sending emigrants to Canada. I suppose probably two or three times a week we get remittances from friends, sometimes from this side of the Atlantic, asking us to send emigrants to Canada. I have received money and instructions from all parts of Canada to send people out to Canada.

Q. Did you yourself receive any money from any person or company in relation to emigrants coming to Canada, for yourself?

A. For myself?

Q. Certainly, that is the question I put?

A. I do not know that I grasp your meaning.

Q. Did you receive any money for yourself?

A. For my own personal benefit.

Q. Yes?

A. Certainly not.

By Mr. Gervais:

Q. There was no rake-off?

A. No, there was not.

Q. Never?

A. Never.

By Mr. Barker:

Q. Nor did you share with any person, directly or indirectly, anything they received?

A. No; I may say here that I received at one time from Mr. G. G. S. Lindsay, of Toronto, a considerable sum of money, which he wanted me to hold in trust for the Crow's Nest Pass Coal Company to be used for the payment of the transportation of employees of the company. Mr. Lindsay had made arrangements with Mr Leopold to send out, I think, two or three thousand miners, and he left some money, or a considerable sum of money with me, to be paid out on Mr. Leopold's bringing me vouchers indicating that he had paid for the transportation of these miners. Mr. Leopold in that particular case was working in connection with the representatives of the Miners' Union, in the northern part of England in the mining district there.

Q. He was getting the miners for the Crow's Nest Pass Coal Company ?

A. Yes.

Q. But they were sending you money ?

A. Mr. Lindsay asked me to take care of the money as he was not acquainted with anybody in London with whom he could leave it.

Q. Did you know Mr. Smart visited Amsterdam, the company's office there?

A. Oh, yes.

Q. You suggested it to him, did you not, that he should go ?

A. I could not say, I think we went there together.

Q. You went there together ?

A. Yes.

Q. On his first visit to the office I mean ?

A. I could not tell you whether it was his first visit to Europe or not, I do not think it was.

Q. Not to Europe, but to the office ?

A. We went to Amsterdam together.

Q. What was your object in going to the office ?

A. We wanted to see what they were doing, what kind of an office the North Atlantic Trading people had, if they had an office, and generally to discuss continental questions with them.

Q. What did you find ?

A. We found a small office there.

Q. On what street ?

A. I could not tell you, it was not very satisfactory.

Q. Was it Damrach ?

A. No, not Damrach then. I say not Damrach then, because they are now in Damrach and the present office is not the one that Mr. Smart and I visited.

Q. It was before that office was opened ?

A. Yes.

Q. Where was their office then ?

A. I could not tell you the name of the street.

Q. Was it Spruce street or something of that kind ?

A. I could not tell you. It was convenient to the Bourse, as a matter of fact right in the heart of Amsterdam, on the righthand side of the canal.

Q. What sort of an office did you find ?

A. We did not find a large office, it was rather a small office in fact.

Q. How many clerks were there ?

A. I could not tell you, I think there were one or two.

Q. And the manager, was he there ?

A. The manager was there, yes—well now pardon me I cannot be very clear on that because I have seen him there so many times and I have been there when he was not there.

Q. I mean when you and Mr. Smart went to see what kind of an office it was ?

A. I am inclined to think he was there, but it is only an impression, I will not swear to it positively.

Q. They were only doing a small business ?

A. They were not doing a very large business from there.

Q. It was a furnished office was it ?

A. It was partially furnished.

Q. And the staff was composed of a couple of clerks and the manager ?

A. I cannot just be sure as to the number of clerks, but I think the manager was there on that occasion, but I will not be positive about it.

Q. Did you ever go to see the Damrach office ?

A. Oh, yes, I have been there frequently.

Q. Did you ever go there with Mr. Smart ?

A. No, I have not.

Q. Mr. Smart went alone, did he ?

A. I think Mr. Smart went to the continent once himself.

Q. Did you ask him to look at the Damrach office ?

A. I could not tell you, no doubt we discussed it before he left London.

Q. What did he tell you he found on that occasion ?

A. I could not tell you, I am sure, I have no recollection of conversation on the subject.

Q. When you went there, you had been there before, who was there in the Damrach office ?

A. Oh, I have been in the Damrach office several times.

Q. Before he was there ?

A. I could not tell you. It must have been before he was there I think.

Q. You have been there before and after ?

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A. I think so, yes.

Q. What did you find in the Damrach office?

A. I found two rooms, with desks and tables, properly furnished. The office was properly furnished and there was a considerable quantity of literature in various languages, evidently for distribution.

Q. What staff did you find there?

A. I never found more, including the manager, than three in the office, which of course they explained to us was sufficient for the nature of the business which was done there.

Q. You thought that was enough?

A. Quite enough for the work they were doing, specially from the central office.

Q. Was it on the ground floor?

A. It was on the first floor, up quite a long steep stair.

Q. And consisted of two rooms?

A. Two rooms in a regular office building.

Q. Who was the manager?

A. Mr. Kohan.

Q. Mr. Kohan?

A. Yes, he was the business man of the company.

Q. And was the name of the company on the door?

A. The name was painted on the door, there was a half glass door with 'North Atlantic Trading Company' printed on it.

Q. Were there other offices in the building, were other people doing business there?

A. Oh, yes, there were other offices in the building, it was an office building.

Q. In your first negotiations with the syndicate, your first negotiations, which of them was it that acted with you and discussed the terms? I am not asking you now the names?

A. No, I know.

Q. Describe him?

A. I do not know just how to describe him, I am sure.

Q. There was one particular person that conducted the negotiations with you?

A. Well, yes, in a sense.

Q. In what sense?

A. I rather think there were two or three.

Q. But one took the principal part?

A. Yes, I think one probably did.

Q. What was he, a foreigner? A German or Dutchman?

A. Oh, they are all foreigners.

Q. German Jews or Dutch Jews?

A. This man, I do not think was a Jew. I do not think so. My reason for thinking that is that we were having lunch together once, and I noticed he ate pork.

Q. Some people do not make much noise about that?

A. I do not know about that, I find the Jews generally very strict on that point.

Q. I do not know whether you can say they all ate pork or not?

A. Some of them did not.

Q. Where did this negotiation take place, was it over in Holland?

A. No, it was in Germany.

Q. It was not in London?

A. No, not the first time, no.

Q. Do you speak Dutch and German?

A. Well, I know enough to ask for a bed and something to eat.

Q. And anything to drink?

A. Yes, and something to drink too, and to ask for a sleeping car.

Q. Did these Dutchmen speak good English?

A. Yes, as good as you or me.

Q. All of them?

A. They are hardly Dutchmen, I do not think the German will thank you for calling him a Dutchman, there is a vast difference between the two.

Q. Did you have to call in anybody, or did they have to call in anybody to assist them in drawing these contracts?

A. The contracts were drawn here, Mr. Barker.

Q. I mean the preliminaries of the protocols, or whatever you call them?

A. Well, they were put in the form of notes, I think, very largely by myself.

Q. They are drawn paragraph by paragraph, very well drawn?

A. No, that was drawn here, the contract was drawn here. No, I beg pardon, I think it was drawn by Mr. Smart, in London, after consultation with Lord Strathcona. I think I have a copy of almost the first protocols.

Q. Who wrote the replies putting the other side of the contention or discussion?

A. I do not think there was anything in writing about that, at least I cannot call anything to mind.

Q. It was going on from May to November?

A. Yes, but it was very largely personal conversation.

Q. The negotiations were carried on largely by conversation?

A. Yes, until Mr. Smart arrived there.

Q. It was carried on until the autumn entirely with yourself?

A. Quite so.

Q. To whom did you remit moneys when you were sending money to these people?

A. They were remitted by the accountant in the High Commissioner's office.

Q. Never by yourself?

A. Not by myself personally.

Q. Did you ever advise them that moneys were coming?

A. We have, if I received a dispatch from Ottawa that money was coming, I advised them.

Q. Or when the accountant was going to send them money?

A. I could not tell you that.

Q. If there was delay would you advise them of the delay and hurry them up?

A. I really could not tell you that. They came to London so very frequently complaining about the delays that I think they got pretty much all the information there.

Q. Whom do you refer to?

A. Mr. Cohan.

A. It was always the manager?

A. I think so.

Q. Did you see anybody but the manager all the time?

A. Oh yes, I did.

Q. Are you sure?

A. I think so.

Q. Did you see anybody but Cohan?

A. Oh yes.

Q. That is after the first negotiation?

A. Oh yes.

Q. Which class of man did you see?

A. Oh, I have seen—at least I have seen altogether I think I can say five or six of them.

Q. At different times?

A. Yes; I went over the list the other day.

Q. Five or six of those you mentioned the other day?

A. Yes, there were five or six seemed to roll out of my recollection.

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Q. There have been agents employed sending emigrants to Canada before you made this syndicate arrangement?

A. Oh, quite so.

Q. In Europe I mean?

A. Yes, all the booking agents in Europe had the offer that had been made by the government fifteen or sixteen years previously of twenty shillings per head.

Q. Oh, if you are going back over sixteen years?

A. I am only telling you the facts.

Q. I want to know this—did the European agents that you had promoting emigration to Canada before the syndicate agreement continue to send emigrants to Canada afterwards?

A. Continue to send? Oh, yes.

Q. They did?

A. Oh, yes.

Q. Notwithstanding the syndicate?

A. Notwithstanding the syndicate, yes.

Q. What compensation did they get?

A. None from the government that I know of, nothing from the government?

Q. What did they get?

A. I could not tell you.

Q. You do not know?

A. No.

Q. You have no idea?

A. No.

Q. You cannot inform this committee what these people that continue to engage in that business would get for their service.

A. They would get a certain commission, which is varied, from the steamship companies.

Q. Why did you not tell us that before?

A. I did not catch your meaning, Mr. Barker. This is the way it has been running from six to eight marks, I think according to the class of booking agents, that is whether he is simply a booking-agent, or what is called a broker. The broker being one usually with authority to appoint sub-agents.

Q. It is not important what the amount is, but they get a commission from the steamship companies?

A. Yes.

Q. Who got the $5 per head bonus on those?

A. The North Atlantic Trading Company, under their agreement with the government.

Q. These people who have been working for years when they were working for a commission, when they sent men over to Canada this company got $5 per head on them?

A. They were not working at all for Canada, but I have not found that one of them, I have three of them in my mind now, were definitely advertising Canada in the same form as the North Atlantic Trading Company.

Q. I am not asking you that. Did they continue to send emigrants to Canada? You said they did from these European countries covered by the North Atlantic Trading Company's agreement?

A. They continued to book for Canada, yes.

Q. And received a commission for their work from the steamship company?

A. I presume so.

Q. You do not know, you never saw it? As a matter of business you must have known that was the way it was done?

A. I presume that was the way it was done.

Q. But on every one of these emigrants that these men sent out?

A. The syndicate would get $5, and all these parties got their literature and printed matter from the syndicate.

Q. How do you know that?

A. They applied to me, or at least I wrote every summer or fall to all the agents whose addresses I had in the principal shipping ports asking them if they wanted any special literature dealing with Canada, and if so, the languages in which they wanted it and the numbers.

Q. That is what you had been doing for years?

A. That we had been doing for years, but we, that is the government, had been doing the printing themselves. When I got their request tabulated, I then applied to the manager of the company for the quantities of literature required for these booking agents and had their names and addresses printed on the literature and sent to them.

By Mr. Foster:

Q. You sent the literature?

A. I did not send it, but gave orders to the company to send it.

Q. It was sent from where?

A. From their head office in Amsterdam, I fancy.

Q. Was there none sent from your office?

A. Not unless when we had got in something special from the department.

By Mr. Barker:

Q. Then you sent out that to these people?

A. Then when it was in the office I would supply literature, and when the parties did not want their names or addresses printed on it then I sent what we had in stock, or made a selection and sent to them.

By Mr. Turriff:

Q. Mr. Barker asked you just now if these agents received commission, or if the North Atlantic Trading Company received commission on all the people sent out by these steamship agents, and you said yes. I understand it was only on the agriculturists and domestic servants they received a bonus?

A. Quite so. I presume that is thoroughly understood all the time, if not, I will have to make a correction.

By Mr. Barker:

Q. Yes, the $5 was only to be paid on agriculturists, or at least men who represented themselves as such, and domestic servants?

A. Well, I think the department is very strict in their construction of it.

By Mr. Gervais:

Q. You did not know there was a contract entered into between the booking agents and the North Atlantic Trading Company?

A. No, I did not.

Q. You do not know, and are not in a position to swear that the booking agents were not receiving a commission?

A. I know some of them were not, and I know some of them were.

Q. You know that some were receiving a commission, you do not know how much, from the North Atlantic Trading Company?

A. From the North Atlantic Trading Company.

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By Mr. Barker:

Q. Did you not continue to send literature regularly to the continent from your office?

A. Not in the same manner as before the contract.

Q. How not in the same manner?

A. Because then we got it printed especially for them, and all the printing was done either in London or in Canada.

Q. And you sent that to the continent?

A. That was previous to the syndicate.

Q. Has there been nothing since the syndicate? Do you not continue to send literature to the continent as you had been doing before?

A. As I said a moment ago when some special literature is supplied to us, of a special character than can be used for continental distribution, I forwarded that to the various booking agents whose addresses I had from the London office.

Q. Did you not send material that you got printed in London to the continent?

A. I do not know that I can call to mind at this moment that we had anything printed in London.

Q. About how much was your printing account in London?

A. I could not tell you.

Q. How much was it for 1901-2? Was it $22,000?

A. I really could not tell you.

Q. The next year you had $23,000 or $21,000?

A. I think that was all for Great Britain.

Q. You think so?

A. I do.

Q. You think so ?

A. I do.

Q. Are you sure ?

A. I am speaking of course subject to correction.

Q. That would be a lot of printing ?

A. Yes, and we had a lot of printing done and we began to get results after a while.

Q. The third year you spent another large amount ?

A. The Government spent large sums of money.

Q. You always kept in touch with these people on the continent, didn't you ?

A. I have kept in touch with them, oh yes.

Q. You visited them yourself ?

A. I visited very many of them.

Q. Did you take literature to them ?

A. When I visited them ?

Q. Yes.

A. Oh my, no. No customs house officer ever found anything in my luggage indicating that I was an immigration officer.

Q. I do not suppose you would put literature in your luggage ?

A. No, I would not.

Q. Did you get addresses to which you sent that sort of thing.

A. There seems to me to have been one case that I sent some to special addresses by mail.

Q. Yes ?

A. And not in any large parcels, Mr. Barker. We sent them simply in single copies.

By Mr. Hughes (Victoria):

Q. Was that done to any great extent ?

A. No, not to any great extent.

Q. To what countries were these sent ?

A. I think it was altogether to Germany. A suggestion was made to me by a very high diplomatic official about sending literature in a certain way and I think I tried the experiment on my own account.

Q. Didn't Street & Company send any ?

A. I think that is the lot.

By Mr. Barker:

Q. Leopold was shipping immigrants from Liverpool and other English ports that came from the continent, was he not ?

A. I cannot tell you. Nearly all the booking agencies booked a certain number to the English ports.

Q. I am speaking of Leopold. If you don't know it say so ?

A. I will try to.

Q. Every time I ask about Leopold I don't want you to go off into a long explanation.

A. I would rather spend the whole day on Leopold.

Q. Did he continue to send German immigrants to Liverpool ?

A. I really cannot tell you. I think they sent foreign immigrants through England all the time, and he got a certain number.

Q. I think you said last time that he did continue ?

A. No, I think, Mr. Barker, that I explained in answer to a question that he did not get a bonus on immigrants sent through British ports.

Q. Yes, that is quite true.

A. Yes. But all the booking agencies sent a limited number to America through British ports.

Q. Before you made this arrangement with Leopold at the bureau, as you call it, had he not been in London sending immigrants through Liverpool and other British ports to Canada ?

A. I do not think he had any license until he got to Charing Cross.

Q. Then he was not engaged in sending German immigrants to Canada ?

A. No, he was engaged in corresponding with or trying to make an arrangement to send.

Q. He had not been in the business ?

A. He was not in the booking business.

Q. He had not been in London in the booking business until he set up at your office ?

A. Yes.

Q. That was the beginning of it ?

A. That I think was the beginning of his booking business in England.

Q. He had not been doing business with German immigrants up to that time in England ?

A. In booking from England he had been doing business with German immigrants.

Q. Well, in London, he had been in London for a year or something like that, had he not, before he took the office next to you ?

A. Yes.

Q. Had he not been sending Germans through British ports to Canada ?

A. I do not think so—now that you speak of it I think he had some connection with a booking firm in Antwerp, perhaps sending through there. He had at one time, but at what time I could not be quite positive.

Q. What were these Germans that Salinger was getting the names of ?

A. Not simply Germans.

Q. Well, Europeans ?

A. The Europeans he was getting the addresses of were the friends or acquaintances of the immigrants passing through Liverpool either to the United States or Canada, so that the North Atlantic Trading Company could communicate with them.

Q. With their families ?

A. Yes, at their various points of residence throughout the continent.

Q. Did he get also for the company the names of the immigrants taking ship at Liverpool ?

A. Oh, no.

Q. Quite sure of that ?

A. Oh, certainly—he never had any authority to do it. I have had lists from him, sometimes four or five foolscap pages, but I never knew there was an address of anybody leaving England. That would be no use to the company anyway.

Q. Then you think that Leopold did not continue to send Germans or Europeans through the British ports after he took the office in the vicinity of your office ?

A. Oh, he has continued to send Europeans through the British ports right along —is doing it to-day, I fancy.

Q. For whom, on whose behalf ?

A. For the different steamship companies. I know at one time—

Q. I am not asking you how you know it. You say he did do it. Did not Leopold know that the syndicate was getting $5 a head on every man that he was sending through ?

A. I fancy he did.

Q. He only received the steamship commission ?

A. Yes.

Q. A small commission ?

A. Well, I cannot say.

Q. So far as you know ?

A. Yes, so far as I know.

Q. Don't you know that he was aware that the syndicate was getting $5 a head.

A. I have no doubt that he was.

Q. And do you imagine that he would not have gone in for a division of that five dollars ?

A. I must admit that I am somewhat amazed at my own want of shrewdness in not measuring up the situation some time ago in view of what I have learned in the last few days, that he is now the agent of the company, and I would not be at all surprised if all along they had something to do with the Farmer's Auxiliary.

Q. You are getting light ?

A. I am getting light, yes.

Q. When did he give up his office ?

A. He gave up his office some time last fall.

Q. Who took the lease off his hands ?

A. I did, on the authority of Lord Strathcona—at least I do not think the transfer is signed yet, but I arranged it.

Q. In October last ?

A. Yes.

Q. What became of Leopold then ?

A. Leopold has gone on to the Strand.

Q. On his own account ?

A. On his own account, I fancy.

Q. Quite sure he did not go from there to the syndicate ?

A. I cannot tell you that.

Q. Quite sure you cannot ?

A. I really cannot.

Q. Had you any suspicion when you were in London that he had gone there to take up the syndicate's business ?

A. No, I cannot say that I had, but I can recall many circumstances now that would have justfied such a suspicion.

Q. Tell us what they were, we will see how green you were ?

A. They were carrying out their active propaganda in Germany. I am surprised that long ago I did not realize that he seems from the beginning to have had a connection with some one on the continent.

Q. It would be a very profitable thing to get a share of that $5 in addition to the commission ?

A. If he could get an arrangement like that.

Q. Any man would like to get that, wouldn't he ?

A. There seems to be that kind of impression abroad.

Q. That is what we are all after ?

A. I think you are simply guessing that is all. At any rate I could not say that of Mr. Leopold.

Q. Is his office now on the Strand ?

A. I have not been there.

Q. Has he that office in the Strand still ?

A. He was in London when I left there.

Q. Answer my question, has he that office still ?

A. He was there then.

Q. You know that Paris is in existence, if it has not been blown up ? Is that where his office is ?

A. Quite likely.

Q. You have told us he went there from your office ?

A. He went from our building, not from my office.

Q. From your building ?

A. No, not from my building.

Q. The building where your office was?

A. No, the government building—the government has nothing more to do with the building than any other tenant. There are a number of other tenants.

Q. The same building where your office is ?

A. Yes.

Q. He went from that office to the Strand office ?

A. Yes.

Q. Which is now I suppose the office of the syndicate ?

A. I cannot tell you.

Q. Has the syndicate disappeared from your ken altogether ?

A. Not at all.

Q. Where is their office ?

A. Their office is in Amsterdam.

Q. I mean their London office, you know what I am talking about.

A. I really cannot tell you, I do not know that they have a London office.

Q. You know it was said in a celebrated case, 'Would you be surprised to hear it ?'

A. No, I would not be surprised to hear it. When the manager comes to London he generally stops at the Hotel d'Europe.

Q. How did you first learn that Leopold had gone to that office ?

A. Oh, as soon as we arranged to take the office off his hands, he told me that he was moving into the Strand.

Q. Did he tell you what his business was going to be ?

A. He told me that he was going to continue the Farmers' Auxiliary.

Q. The Farmers' Auxiliary ?

A. Yes.

Q. It is not a bureau now ?

A. No.

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Q. Changed all that ?

A. No, I do not think it is a bureau.

Q. I mean the Canadian bureau.

A. No, I do not think it is.

Q. It is changed from that ?

A. I have never seen his sign there nor his paper.

Q. Did you know that he went there to conduct the affairs of this syndicate ?

A. No, I did not, and I am surprised that I did not get more strongly suspicious than I am.

Q. Your son-in-law is his solicitor ?

A. Solicitor in one case, and I recommended my son-in-law to him.

Q. Mr. Alexander acts for him in his law business ?

A. I do not think all his business.

Q. In law business ?

A. Yes.

Q. At your suggestion?

A. Yes.

Q. And you tell us that with that intimate connection—I call it intimate, whatever you may call it—that you really did not know what that man was going into so far as the syndicate is concerned ?

A. I did not.

Q. No further interest in it ? Was there any quarrel between you and him ?

A. No, quarrel, no, well we have had some words.

Q. You are good friends ?

A. Yes. I have had some little disputes about payment of bonuses to him.

Q. He never said to you that he was getting any of that $5 a head ?

A. No.

Q. Did you ever ask him ?

A. I did not.

Q. Did you ever discuss with him as to whether anybody was getting a share of that ?

A. I really cannot tell you at this moment.

Q. You cannot tell ?

A. No.

Q. Did you ask Alexander what Leopold was going into?

A. Oh, no, my dear man. I have no right to ask Alexander about his business any more than I have a right to ask you.

Q. He is your son-in-law, you could do it on Sunday afternoons ?

A. Sometimes he comes to my place for dinner, but I would not think of asking him.

Q. Is it private and confidential ?

A. You must know as a lawyer that it would be very improper for me. I think you will grant that ?

Q. I suppose it would. At all events you never asked him, never spoke to Alexander, never asked him what Leopold was doing, although you told Leopold to go to Alexander when he wanted that law suit business attended to.

A. I don't catch your question.

Q. You told Leopold to go to Alexander ?

A. I thought he would be able to attend to any law business he had.

Q. Who is Symons ?

A. Symons is a booking agent in Chancery Lane, doing business under the name of the Canadian Immigration Society.

Q. What is the nature of that, is it wholly agricultural ?

A. No.

Q. What is it then ?

A. The sending out of all kinds of immigrants to Canada.

Q. Mechanics and everything else ?

A. Yes.

Q. Have you any relation with these people ?

A. No personal relation; I have had official relation.

Q. Of what nature ?

A. Rather unpleasant.

Q. Quarrel with them ?

A. Yes. In the first place I found they were giving unauthenticated information about the demand for skilled labour in Canada, and then I learned from two or three people who had returned from Canada he had promised that they would get employment either in Montreal or Toronto at certain skilled callings, and I brought him somewhat severely to book for it, and in one case it was very sad—

Q. Well, just to shorten that, we don't want to get into pathetic instances ?

A. —where all the money in the family—

Q. Did not Leopold do that same thing—misrepresent, as was stated ?

A. No, I do not think he ever did. I have looked into his papers.

Q. He was charged with it ?

A. Yes, he was charged with many things.

Q. You have had confidence in him ?

A. Yes.

Q. Things went smoothly with regard to mechanics, between you and Leopold ?

A. They did not go smoothly between Symons and the office, because he was giving unreliable information.

Q. But they went smoothly personally between you and Leopold ?

A. Upon the question of skilled labour, because I went through his books, and letters of inquiry which he had received from large establishments here.

Q. I do not want all the particulars. Did things go smoothly between you and Leopold ?

A. I think I have really the right to make that explanation.

Q. Give me an answer to my question, and if the committee want to hear all the rest I don't want to object. I want an answer to the question.

A. Generally speaking, smoothly, but not altogether.

Q. Did you in 1902 or 1903, recommend the department to send an agent into Sweden and Norway, at the expense of the government ?

A. Yes, I recommended the department to do that.

Q. At the expense of the department ?

A. I think so.

Q. The department pointed out that that was work that belonged to the syndicate ?

A. I cannot tell you. Mr. Smart and I discussed that several times, and I think Mr. Smart asked me in the first place for my views on it, and partially agreed to send a man by the name of Swanson to Scandinavia, and there were also—

Q. Now, you will please answer my question. I just want a smiple answer.

Q. You recommended the department to send an agent or agents into Norway and Sweden to work up emigration from those countries ?

A. I have had correspondence with the department on that question.

Q. Did you recommend it ?

A. I cannot tell you exactly the form of correspondence, but it is all filed, you have it there.

Q. You do not recollect whether you recommended it ?

A. I remember I recommended that they were to send Swanson there for that purpose.

Q. Did the department here take the ground that it was part of the work of the syndicate for which they were getting paid ?

A. I really cannot tell you. The correspondence is there.

Q. I want your recollection, I want to test your memory of it ?

A. I have not a clear recollection. I would willingly have seen a dozen men go over there and a dozen on the continent.

Q. Although the syndicate were to do that work ?

A. Unfortunately I get enthusiastic in the government service.

Q. At all events the government did not send any one?

A. No.

Q. What is the Farmers' Labourers Association of Brandon ?

A. I think they call it the Farmers' Self Help Association, Brandon.

Q. It may have been changed to that ?

A. I think that was the beginning of it.

Q. Well may be, what are they ?

A. Well, it was an association for the purpose of carrying on a propaganda, at least a so-called association.

Q. Agricultural labourers ?

A. Yes, and eventually it developed also into sending mechanics.

Q. First it was to get farmers for the farm work, its object was to get labourers for the farmers ?

A. The object of the so-called association, which really was a booking office started by Mr. Symons, was to get farm labourers for the vicinity of Brandon.

Q. Could you not have said yes, instead of repeating the whole of it again--

Mr. GERVAIS.—I think it is not fair that we should have to listen to this all over again, we had it yesterday in the Agriculture Committee.

Mr. BARKER.—Did Mr. Monk or anybody else ask about this Farmers' Labourers Association ?

By Mr. Barker:

Q. Who was the agent of the Farmers' Labourers Association or Self Help ?

A. Mr. Symons was the one—no, I beg your pardon, Mr. Stephens, he started it.

Q. And did he stay over there ?

A. He stayed over there, yes.

Q. Did you assist him ?

A. I asked the Elder-Dempster line and afterwards the Canadian Pacific line to give him a license ?

Q. Did they ?

A. Yes, they did.

Q. Did you write to Mr. Morris of the Allan line the moment you heard Stephens was coming over ?

A. I cannot tell you.

Q. You cannot recollect that ?

A. I cannot tell you.

Q. You had a letter from Smart that Stephens was coming ?

A. Stephens came over recommended at least by some people in Brandon.

Q. Did you get a letter from Smart telling you ?

A. I really cannot tell you.

Q. You cannot recollect that you got a letter telling you that Stephen was coming over to go into that business for the farmers ?

A. No.

Q. Do you recollect that you wrote Morris instantly that you got that letter, telling him that a man was coming for that purpose ?

A. I cannot tell you.

Q. Did you find fault with Stephens, as the kind of man coming over ?

A. I found fault with Stephens and my finding fault was eventually justified, for he absconded with about £600 of the money of the Canadian Pacific Railway.

Q. Did he abscond before you took your action ?

A. No.

Q. Don't say what occurred afterwards, I don't know anything about him, nor do I care. This man was selected by the farmers of Brandon to act as their agent ?

A. I was trying to tell you that I heard direct from Brandon that Stephens was coming over, he came over and brought recommendations from some one in Brandon.

Q. From Mr. Townsend ?

A. I cannot tell you who.

Q. Did Mr. Smart—I am asking this to test your memory again—did Mr. Smart write to you immediately ?

A. I really cannot tell you.

Q. Do you recollect that Mr. Smart attached a private page to his letter cautioning you ?

A. I do not.

Q. I will show you the letter before you go.

A. I will be very glad to see it.

Q. Did you immediately write to Morris about Stephens ?

A. I cannot tell you.

Q. Your mind is a blank.

A. No, not a blank on my work, please.

Q. On that point ?

A. I have no recollection on it.

Q. It is pretty near a blank. Did you write at once back to Mr. Smart that you had got his letter and you would be ready for Stephens ?

A. I cannot tell you.

Q. You do not recollect that ?

A. No, I know I recommended Stephens to the Elder-Dempster line and I will tell you afterwards why ; it occurs to me now.

Q. Now, this Jewish association that you were concerned with, who received that £10,000, to locate the people here ?

A. I think it came directly to the department.

Q. To the department ?

A. I think so.

Q. That was not private and confidential ?

A. I cannot tell you. All the correspondence is there.

Q. You don't know ?

A. I cannot call to mind now. I have very many negotiations.

Q. Do you not know that that was a personal matter of Mr. Smart's ?

A. Certainly not.

Q. It was not ?

A. Certainly not.

Q. I think we have been told the opposite by the government ?

A. Very well.

Q. It was not a private matter ?

A. The sending of the Jewish immigrants to Canada, a private matter of Mr. Smart's ?

Q. The £10,000 that was paid, to settle these people in Canada here, was that a private or a departmental matter ?

A. I presume it was departmental.

Q. You thought it was ?

A. Yes.

Q. And you believe it was ?

A. Yes, I believe it was. All my relations with them I regarded as purely departmental and official.

Q. And you had correspondence with Lousada ?

A. I had correspondence with Mr. Lousada and with the late Alfred F. Cohen.

Q. I am asking about Lousada?

A. Yes.

Q. Did you have certain questions about supposed errors or something of that kind in the accounting ?

A. Oh, yes, there was a great deal of correspondence about it.

Q. About Mr. Smart's expenditures of the money ?

A. I did not know there was any disagreement about Smart's expenditures.

Q. There was not ?

A. I do not think so.

Q. There was some difficulty in reconciling the statement of expenditure ?

A. I had not heard of it.

Q. Have you anything to do with it yourself ?

A. Well, I had in a general way.

Q. Had you ?

A. I had with the negotiations, and with the settlement of the amount of money that was to be paid.

Q. Had you anything to do with the money, the £10,000 ?

A. The handling of it ?

Q. Yes ?

A. It might have passed through my office. I had nothing to do with it.

Q. And if it passed through the office, and did not go to the department, what then ?

A. It did go to the department.

Q. Who got it ?

A. It went to the Deputy Minister.

Q. As Deputy Minister.

A. I cannot tell you that.

Q. You say you are sure about the confidential letters.

A. It was not private and confidential. This was done in the most public way.

Q. I am very glad to hear it.

A. It was done in the most public way.

Q. Therefore I suppose we will get the figures from the government ?

A. I cannot tell you.

Q. What was the £10,000 for?

A. I cannot tell you as to the amount.

Q. About ?

A. I cannot tell you as to the amount at all, but they were to pay, or they were to allot, I think, either to each adult immigrant, or to each head of a family, about £40 to secure their being settled and taken care of for a year or two until they got on their feet. I am speaking now subject to correction as to the exact figures.

Q. That is about right, I think?

A. Yes.

Q. Well, do you know if there was a question arose about how much money was really spent?

A. Do you mean how Smart administered the money?

Q. Yes.

A. No. I know that no such question arose in London in any of my interviews with Kohen, Lousada, or any of those people, as to the honesty of Smart's administration of the funds.

Q. I have got that here. I will take it up again with you.

A. I have a great deal of correspondence on that question.

Q. You had a great deal of correspondence with Lousada?

A. Yes, and personal interviews as to that.

Q. Do you recollect how many people went out and whether it required the whole £10,000? Do you remember a dispute about that?

A. I do not know.

Q. Letters from Lousada to you?

A. I remember very well that there were a certain number came out, but afterwards did not go on the land.

Q. Yes?

A. The money had been expended for them, and they did not stay on their location. I never heard any question by any member of the Jewish Association or the Baron Hirsch people complaining in respect to the honesty of Mr. Smart's administration of the funds.

Q. But it was said they were trying to get an explanation from you as to how the money went, and so on. I want to test your memory on these things?

A. Quite so.

Q. Now, Mr. Smart took the locations of the lots for these people in his own name, didn't he?

A. No, I do not think so.

Q. You don't think so?

A. I think you will find Mr. Smart could not have taken the locations in his own name, because the Baron Hirsch people afterwards wanted to get a lien on the land these people had settled on and they could not do it, because the location had been taken in the name of the immigrants.

Q. Yes. We will get the facts about that. I am trying to see who got the $5 per head on all these Jews?

A. I cannot tell you.

Q. You don't know?

A. I have had nothing to do with the making up of the accounts.

Q. Who would get the $5 on these people?

A. If they were agricultural and came under the contract, the North Atlantic Trading Company undoubtedly got that.

Q. They were from Roumania?

A. Yes.

Q. And were of the agricultural class, being settlers ?

A. I cannot tell you now.

Q. Would they come under the contract ?

A. I cannot tell you whether Roumania was included in that contract or excluded. At one time I think it was excluded.

Q. Do you not know as a fact that the syndicate got $5 a head on all these Jews ?

A. I do not know. If they were agriculturists and if Roumania was included in the contract they would certainly get the $5 per head.

Q. And they did ?

A. Very well, if they did, all right.

Q. I have just a few more questions. Who is this Arundel Printing Company?

A. They were a company—firm.

Q. Who is it ?

A. Mr. Roy Somerville.

Q. Is he a Canadian ?

A. Yes, a Canadian in London.

Q. Mr. Roy Somerville—where did he live in Canada ?

A. He was publisher of the Dundas *Banner* at one time.

Q. The Dundas *Banner* ?

A. Yes, I think it is about twenty years since he left this country.

Q. That sounds very like near Hamilton ?

A. Yes, Dundas, Ontario.

Q. He is a son of the old member there, was he not ?

A. A son of Mr. James Somerville, yes.

Q. Now he is the Arundel Printing Company?

A. Yes.

Q. Is this company still in existence ?

A. I do not know, I am sure, I do not think it. I really cannot tell you.

Q. When did it start ?

A. I cannot quite tell you. I think about the time when we were getting some printing done in London, the first I heard of it.

Q. It grew up then and stopped when you stopped ?

A. I cannot tell you.

Q. I find that you gave them, or the department gave them $22,696.22 worth in 1901-02 ?

A. Yes.

Q. You gave them—

A. I did not exactly remember what year.

Q. This is the Auditor General's report. The next year, $21,125.44, and at page L—28 of 1903-04, there is £2,900, that is about $14,000. That makes about $58,000 that this company, which started on your printing and ended with your printing received ?

A. I did not say that.

Q. It is out of existence now ?

A. I did not say anything of the kind.

Q. You don't know anything about it ?

A. I do not.

Q. You don't know whether it is in existence or not?

A. No.

Q. Although you have had such an amount of business with them ?

A. I have not had such an amount of business with them—the department had.

Q. Was this an incorporated company or a syndicate of Somerville ?

A. I fancy it was Somerville—I do not know.

Q. You don't know anybody else but Somerville ?

A. He is the only one I know in connection with it.

Q. Where was his office ?

A. In Arundel street.

Q. Did he get the printing done for you ?

A. He got the printing done.

Q. He was a go-between ?

A. Yes.

Q. How did you happen to get intimate with him ?

A. He was a Canadian ; I knew him very well. Mr. Smart came over there when we first wanted to start the big propaganda, with Mr. White, and wanted to get printing done to the extent of about a million copies or thereabouts, of publications and wanted to have them delivered in about seven days, and he wanted to know where he could get it done. I inquired and was told that there was no printing office in London that would undertake to supply that quantity of printing in such a time, and we had either to get it done immediately or the scheme for the season's work could not be carried out. Eventually some one—I cannot say now, who it was—said, 'You had better try Roy Somerville, he knows every printing office in London, and see what he can do.' I think it was Mr. White and myself went to see him with a view to finding out what we could do in the matter, and his reply to us was that there was no use attempting such a work in such a short time ; no such amount of printing could be delivered within weeks, in fact. We said we must have it, and he asked us to come back, I think in a few hours. We went back and he said he could make arrangements

for the printing, and that the printing would cost us more than if we had it done in the ordinary way. Eventually he quoted figures which Mr. Smart and Mr. White approved and the order was given, and the printing delivered.

Q. Do you know McCorquodale & Co.?

A. Yes.

Q. Are they one of the largest printing firms in England?

A. They are. They have done our work for a long time.

Q. They are one of the largest printing firms in England?

A. They are.

Q. Did you try them?

A. I did not.

Q. Had the department previonsly been getting printing from them?

A. The office had, yes.

Q. And since you stopped with Arundel Company you are with them again?

A. I do not think they are getting anything now, but they have been getting some of our work.

Q. Was any investigation made by Mr. Just as to this £2,900, do you know?

A. I do not know that there was any investigation made by Just.

Q. Did he say that he was making an investigation?

A. He never said so to me.

Q. Did you hear that it was alleged that he got estimates of what McCorquodale and others would have done that printing for, for which you paid £2,900 to Arundel?

A. No, I did not.

Q. Did you ever hear that McCorquodale would have done that for £900?

A. No. I heard when I was out here a little over a year ago that Mr. Just had complained to the department by cable that in my absence he had discovered—made an alleged discovery—that I had been paying exorbitant prices for departmental printing. I had left Just in charge of my office and Mr. Smart asked me, when he showed me the cable, what explanation I had to make in respect to it. Briefly, I told him I had no explanation to make, and reminded him that this printing to which Just refers was probably the printing—

By Mr. Gervais:

Q. It was done by night work?

A. More than night work. There is no secret about it.

By Mr. Barker:

Q. I did not know it was night work. Mr. Just knew you were here?

A. Yes, and he entered into a little conspiracy with Griffith to cost me my situation.

Q. Every one that says anything about you is in a conspiracy?

A. Griffith is alleged to have told Mr. Just that Sifton and Smart wanted to dismiss me, and to secure the object Mr. Just made this charge.

By Mr. German:

Q. Explain that printing?

A. I reminded Mr. Smart that this was probably the printing that had been ordered on two or three occasions when he was in the old country, when printing had to be done very quickly. He went over the correspondence on the files, and he found of course that this printing was the printing that had been done under the circumstances and supplied in less than a week, of some hundreds of thousands if not a million of copies of certain printing which under ordinary circumstances would have taken two or three months. Mr. Smart and Mr. White, when in London, made their arrange-

ment with Mr. Somerville, in regard to this printing. Mr. Somerville said he had to make special arrangements with the printing offices, in order to get the work done.

Q. And which you could not do?

A. Which with my acquaintance in London life then I certainly did not know where to turn. The files are full and explicit and there is nothing to hide in connection with it. The papers have been on file for three or four years.

By Mr. Foster:

Q. This is what you would call then urgency business?

A. The first order was when we started our active propaganda in England.

Q. In 1902?

A. I think it was 1901, or it may have been 1900.

By Mr. Barker:

Q. You had been two years in London at that time?

A. It might have been 1900, I would not be certain of that date.

Q. You had been at least a year in London at that time?

A. Yes.

Q. Well, Roy Somerville could get the printing done and you could not?

A. Somerville had been in London eight or ten years and had been practically in the printing business.

Q. You did not ask for tenders?

A. No, I did not.

Q. Did you get a tender then from him?

A. Yes, Mr. Smart got quotations from him, and Mr. White, as practical printer, went over the estimates and the work very carefully and made an official report to Mr. Smart.

Q. Who is Mr. White?

A. Mr. W. J. White, of the Immigration Department. He went over the estimates and reported to Smart officially.

Q. How long had he been over there?

A. He had come over with Mr. Smart, and as a practical printer he had reported to Mr. Smart that the prices asked for the printing were reasonable.

Q. I see, he was a practical printer out from Canada, and he was able to tell you what were fair prices in London?

A. That is the report in the department, yes. And he was taken to England for that purpose.

By Mr. German:

Q. Why didn't you go to the big firm?

A. We had been doing work with them, and I think at that time they had copy of ours out. They were very slow, an ordinary small pamphlet we could not get from them in weeks.

By Mr. Foster:

Q. Did this same urgency continue in the year 1902?

A. Mr. Smart came out the following year later on than he intended, and the same urgency existed.

Q. You did the same thing in 1903?

A. I think in 1903. The report of the delegates or expressions of opinion from the delegates, who had attended the National Council of Commerce in Montreal, had been secured rather late in the season and Mr. Smart ordered that that printing should be done on the same terms as the other work. The correspondence is all on file.

By Mr. Barker:

Q. Why did you stop dealing with this first-class and rapid working man?

A. Since then more of the printing has been done out here.

Q. Why don't you do it over in England?

A. You will have to ask the department.

Q. The department interfered?

A. I do not think that they interfered.

Q. Did you protest that this man was the only man that could do it?

A. I do not think I did.

Q. Who interfered then?

A. Mr. Smart came to the conclusion that there should be less printing done abroad and more given to the Canadian printers.

Q. I am speaking of what you had been doing there? Why didn't you give everything to Somerville?

A. This was special printing and——

Q. Here was a man so expeditious, and doing all your work up to your satisfaction. Why didn't you continue to give him whatever you were doing?

A. Outside of that the only printing done for some time has been ordinary printing done in the large establishments. There was no occasion for anything else.

Q. Did you give that to McCorquodale?

A. Some of it, some of his prices were not very reasonable and we began to get tenders for the work.

Q. You were told to get tenders?

A. I came to that conclusion myself.

Q. You were told to get tenders, who told you?

A. I think Smart told me, after I had commenced to do it.

Q. Why don't you answer my question?

A. I am trying to answer your question. I wanted to tell you that I was doing it myself.

Q. Smart told you to get tenders?

A. Yes, after I was getting tenders.

Q. And after Just had made complaints about the excessive and fraudulent changes in printing?

A. No, I do not think it was. I do not think I have got any printing there since of any kind.

Q. When was that?

A. About 18 months ago.

Q. No printing since then?

A. No printing on a large scale.

Q. I asked you whatever printing you are doing, why don't you get it done through Somerville. When did Smart order you to get tenders for your printing?

A. I really cannot tell you.

Q. Was it after that trouble with Just?

A. Oh, no, we had been getting tenders long before that.

Q. Are you quite sure?

A. Quite sure.

Q. Why didn't you get tenders on your last deal with Somerville?

A. Simply because I got instructions from the department to get the work done by him, and gave him the order and told him to rush it..

Q. After you had been told to get tenders?

A. We were getting tenders. I am talking now about the Smart printing. The hon. gentleman is talking about another thing altogether.

Q. You only get tenders for the small orders of printing?

A. If it is the printing to which I refer, it was the expressions of opinion from

the National Council of Trade. I got instructions from the department to get this work done in the same way as the other work had been done. In every case instructions had been given by the department to the Arundel Company.

By Mr. Foster:

Q. What was Roy Somerville doing in London?
A. He was agent for the Butterick Publishing Company.
Q. Anything else he was doing?
A. Before that he was representative of the *Globe* in London.
Q. On the Strand?
A. Yes.
Q. He was there for some years?
A. He was in London for seven or eight years before I went there.
Q. About the time that he got this printing he was with the *Globe*?
A. No.
Q. With the Butterick Company?
A. Yes.
Q. Who was it gave instructions or suggested to you that you should go to Somerville?
A. I really cannot tell you, it came out in discussion in the office in some way as to where we could possibly get this work rushed.
Q. You don't remember?
A. I really do not remember.

By Mr. Gervais:

Q. Do you swear that you never either directly or indirectly received from anybody or were promised by anybody, any commission, rake-off or compensation in connection with the discharge of your duties as Superintendent of Immigration in London?
A. Quite so.
Q. You do swear?
A. Quite so. Emphatically.
Q. You have been speaking of booking agents in London, as a matter of fact these booking agents are acting for many governments at the same time?
A. In London they are acting for many steamship companies at the same time.
Q. And these steamship companies are conveying emigrants to different parts of the world? Not only to Canada?
A. They are.
Q. These booking agents in London are trying to send immigrants to South America, to Brazil or the Argentine Republic or Venezuela?
A. Send them anywhere.
Q. Did I understand you well when you said that the North Atlantic Trading Company had been paying a commission to some, to most of these booking agents?
A. Oh, they pay commissions to booking agents all over Europe. That is one of the items in their account.

By Mr. Taylor:

Q. How do you know that?
A. I know some people who got commissions from them.
Q. How do you know?
A. I heard it from those who have received the money.
Q. Did you see the money paid?
A. No.
Q. You have heard this from somebody?

A. I have heard it from those who say that they received it, and I qualify it in that way.

By Mr. Gervais:

Q. Then you promised to the Agriculture Committee yesterday to file a statement?

A. I am getting that prepared.

Q. One showing the probable amount the trading company would receive from the Dominion at the expiration of their contract?

A. If it is possible.

Q. And one as to the bonuses paid by foreign governments to booking agents in Europe?

A. Yes, I have cabled for it.

The CHAIRMAN.—You might get a copy of that for this committee.

The committee adjourned.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
TUESDAY, May 29, 1906.

The Select Standing Committee on Public Accounts met this morning at 10.30 o'clock a.m., Mr. Belcourt in the Chair, and proceeded to the further consideration of the accounts of the North Atlantic Trading Company as set forth at L—26 of the report of the Auditor General, for the fiscal year ended June 30, 1905.

The examination of Mr. W. T. R. Preston resumed.

By Mr. Gervais:

Q. On referring to page 174 of your evidence respecting the North Atlantic Trading Company, I find that you said the other day, you made the following statement the other day—

Mr. BARKER.—Mr. Gervais is surely not going to ask the witness to correct a previous statement?

Mr. GERVAIS.—Not at all, but simply to complete his former statement.

By Mr. Gervais:

Q. You stated previously, at page 174 of the evidence: 'Briefly that is the outline of the negotiations, but they made a sine qua non that they could not undertake to risk, in the face of the laws of the various countries, the carrying on of an open propaganda in favour of Canada' and so on. And then again 'I might say just here that the general principle was submitted to Lord Strathcona as my superior officer there. He approved of the general principle, and every phase of the negotiations outside of the mention of the names of the parties, was also submitted to Lord Strathcona, and he has given his own views of the correspondence here, as to whether he approved of the proposals or not' and so on. The question was then put to you, 'Lord Strathcona knew the whole thing, what was going on?—A. He knew all about it, and has placed himself on record as knowing all about it.' Now is that the question that was put to you and is your answer, as there given, correct?

A. Quite correct.

Q. Are you in a position to say to the committee what was the report you sent to Lord Strathcona about the North Atlantic Trading Company's contract?

Mr. BARKER.—I object to this way of getting the witness's interpretation of a letter written by Lord Strathcona. The letters are produced before the committee. Let them be put in and answer for themselves. I do not think a witness like Mr. Preston should be allowed even to put his interpretation upon what Lord Strathcona said.

Mr. PRESTON.—It is no interpretation, but simply filing a draft of the contract.

Mr. BARKER.—I object to your answer giving your impression of the correspondence.

Mr. PRESTON.—I have here from the files a letter written by Lord Strathcona to the department, dated November 15, 1899, inclosing a copy of my memorandum, or letter, to him under date October 26, 1899.

By Mr. Gervais:

Q. Would you read that letter of Lord Strathcona approving of your plan?

A. Do you want me to read my letter to him?

Q. Yes.

A. (reads) 'October 26, 1899.' 'Confidential.'——

Mr. BARKER.—I appeal again to the committee. I have read those letters myself, and they are tremendously long. They should be put in as exhibits.

The CHAIRMAN.—I have already stated that if a member of the committee wishes to have a letter read it is within his right. I, as chairman of the committee, have not heard the letter read, but would like to hear it.

Mr. BARKER.—Why not put the letters in as exhibits?

The CHAIRMAN.—It must be of some consequence to the committee to have the letter read, and personally I am very curious to hear what it contains.

Mr. FOSTER.—These letters should not be taken down by the stenographer and placed in the evidence, but should be put in as exhibits and printed as such.

The CHAIRMAN.—I would like to have the opinion of the committee as to whether these exhibits are to be printed.

Moved by Mr. Foster that the evidence heretofore submitted to the committee, and all evidence given hereafter be printed, and also all exhibits in reference to this case.

Motion agreed to.

Mr. PRESTON (reads):

'October 26, 1899.

'MY LORD,—In view of my proposed visit to Ottawa not being regarded as advisable, I have now time to place before your Lordship the substance of a conversation I had with you, in which I reported in a general way the incidents connected with, and the result of, my last visit to the continent with reference to emigration matters.

'Your Lordship will possibly remember that in a former report presented to you last May, I had the honour to recommend that the policy heretofore in vogue on the continent might be changed with advantage to Canada, and in this connection I suggested that an agreement might possibly be arrived at with persons in the various countries, so that they might work in harmony in promoting emigration to Canada, in so far as they are allowed by the laws in operation in the several countries. The suggested outline of policy appeared to meet with the approval of the department at Ottawa, so that on the occasion of the visit of the Deputy Minister of the Interior to London, a short while ago, it formed one of the subjects for consideration. After a somewhat extended discussion of the question between Mr. Smart, Mr. Colmer and myself, the next phase presented was the consideration of this subject between your Lordship, Mr. Smart, and myself, on the occasion of a visit to Glencoe. The outcome of this discussion was that I was charged by Your Lordship and Mr. Smart to draft a memorandum of the proposed arrangement in regard to emigration work on the continent. This I subsequently submitted to Your Lordship, and afterwards to Mr. Smart, and amendments of one kind and another were made until the eve of Mr. Smart's departure for Ottawa. It then assumed the following shape:—

'1. Whereas the government of Canada offers to every male settler over 18 years of age, irrespective of the country of his origin, including members of the same family, and to females who are heads of families, an absolutely free grant of 160 acres of agricultural land, subject only to conditions of settlement and cultivation.

'2. And whereas, statistics prove that from European countries a movement exists among the population to seek homes elsewhere.

'3. And whereas it is necessary that only reliable and trustworthy information regarding the climatic conditions and resources of Canada shall be given in response to inquiring or prospective emigrants.

'4. And whereas it is desirable that it shall be clearly explained to inquirers that Canada offers a field for settlement only to those who are willing, and intend to, engage in agricultural pursuits.

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'5. Therefore the government of the Dominion of Canada hereby agree through their representative..... to pay..... as a bonus for each emigrant to Manitoba or the Northwest Territories over 12 years of age, from the countries that may be agreed upon, excepting Galicians from the district of Buckowinia, according to the lists duly registered as arrivals at the ports of Halifax, St. John and Quebec, or at Montreal via Portland or New York, computed in accordance with the following schedule, provided always that the laws in these countries are not in any respect contravened by any of the parties hereto, and that the parties hereto abstain from all agitation which might be appropriate to lead to or promote a decision to emigrate.'

By Mr. Foster:

Q. What is that last phrase?
A. 'Which might be appropriate.'

By Mr. Fielding:

Q. Is that a translation?
A. I could not tell you. This is the copy sent by Lord Strathcona to the department.

By Mr. Hughes (Victoria):

Q. Did Lord Strathcona draft that?
A. He was assisting in the drafting of it.
Q. Who drafted it?
A. Well, I drafted an outline, in the first place, after the conference at Glencoe, assisted by Mr. Smart, and it was afterwards somewhat amended by both Mr. Smart and Lord Strathcona, as I state here.

By Mr. Gervais :

Q. And by Mr. Knox ?
A. A suggestion was afterwards made by him.
Q. He is an English barrister ?
A. That is explained further on. (Reads.)

'(*a*) Fifteen to eighteen shillings per capita for any number up to and including the first 10,000 in each year.

'(*b*) Twenty shillings per capita for any number between 10,000 and 15,000 in each year.

'(*c*) Twenty-five shillings per capita upon any number exceeding 15,000 in each year.

'(*d*) Provided that each head of a family is possessed of not less than $100.

'6. And the government of Canada herein further agree to supplement the above by a sum not exceeding five hundred pounds for the purpose of printing literature for circulation to inquiries to be expended under the direction of any official of the government.

'7. This agreement shall be subject to the following special conditions :—

'That in the event of emigrants going to Canada who are not agriculturists, or who do not intend to settle upon farming lands, through information furnished by..... or their representative, no bonus shall be paid upon them, and that it shall be within the discretion of the government of Canada to return them to the country from whence they came, and deduct the expenses incurred thereby from the bonuses otherwise earned by.....

'8. That any violation of the law now, or which may hereafter come into effect by.....or their represntatives in the respective countries herein mentioned, regarding emigration, shall make this agreement null and void.

'9. This agreement shall be for a term of three years, and may be subsequently terminated by the government of Canada through its accredited representatives giving three months' notice to.....prior to the first day of October in any year.

'Owing to the unexpected departure of the Deputy Minister a few days earlier than he had intended, a conference on this subject, which it was understood would take place on your return to London, was unavoidably prevented. However, I reported to your Lordship in conversation the changes made by Mr. Smart, and he took with him to Ottawa the final draft of the proposed agreement, for the purpose of further considering it and submitting it to the Minister of the Interior, the outcome of which he cabled to your Lordship on the 16th inst., intimating that the proposals or suggestions were approved. Your Lordship will also remember that an understanding was arrived at, previous to Mr. Smart's departure, that a final agreement by your Lordship and the department was intended to be of such a character so that upon receiving an understanding of approval I should have authority to proceed to the continent and to make an arrangement along the lines of the proposals.

'Upon the occasion of my interview with your Lordship, immediately following the receipt of the cable referred to, from the department at Ottawa, your Lordship inquired of me whether I had submitted the agreement for legal advice in view of the apprehension that serious risk of diplomatic difficulties might be run unless the proposed arrangement was given legal consideration. While your Lordship did not expressly insist that such would be done, I took it for granted that your desire was I should submit the agreement to the legal agent of the government of Canada in London. With that object in view I called at the office of the Hon. Charles Russell on the morning of the 18th inst. Incident to his absence I was introduced to one of the partners in his firm, and told him the object of my visit, stating very fully your fears and asked him if any other expressions could be used, or any clauses inserted, that would more clearly protect the government against any charges that might be of an unpleasant character with the European courts. Mr. O'Malley (the Hon. Charles Russell's partner), after reading the proposed agreement, suggested that a word or two might be inserted making the meaning of the government more clear, but asked that I should return at a later hour and consult another member of the firm. Upon my return to his office he expressed a wish that I should accompany him to the office of Mr. Vesey Knox with whom he desired to discuss the questions involved. I told Mr. Knox, in the course of the conversation, that the agreement had received the approval, as a matter of policy, of the Department of Interior, and that I desired to know whether anything else could be added with the view of giving evidence of the good faith of the government through its representative entering into the outlined agreement. He stated, after reading the first few clauses, that if one was inserted providing for the agreement becoming null and void in the event of any of the proposed parties to the agreement violating the laws in their respective countries, it would be fully protected, and I then directed attention to clause 8. At any rate, the time was then too short before my proposed departure from London that evening to secure from him a written opinion, and he told me that he would look into the matter and communicate with me at Hamburg. I might say that I had pointed out to Mr. Knox that the difficulties regarding work in Germany were quite appreciated, and the proposed agreement would not necessarily be brought into operation in its then present form in Germany. This takes me up to the point of my departure from London to Hamburg with your Lordship's consent, and my subsequent arrival at the latter place.

'In negotiation in Hamburg with parties whom I had previously arranged by telegraph to meet me there, on the evening of the 19th inst., no trouble was experienced in considering the possibility of an arrangement being arrived at, except in regard to Germany, they realizing, as your Lordship also had, the difficulties that might exist in connection with that country. Our negotiations continued through the 20th and 21st inst., finally culminating in a provisional arrangement in regard to Austria, Hungary, Roumania, part of Italy, Holland, Belgium, Switzerland and Russia, the ques-

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tion of Germany coming under any arrangement being left for further consideration. I asked the parties with whom I was negotiating, each one of whom is, or had been, prominent for many years in booking office work, with one or other of these countries, whether they were quite clear that the agreement we were negotiating to effect, was one that could be successfully and lawfully carried out in their respective countries. I suggested to them the advantages of their securing advice upon these points, which they told me they had done frequently, and that they were perfectly satisfied that everything they proposed to do would be entirely within the statutes and police regulations.

'The provisional portions of the agreement were in reference to the exception taken to the Buckowinians forming a part of the agreement, that having been inserted by the Deputy Minister. They wished it to be struck out, which, of course, I was not authorized to do, except having previously submitted my proposed action for approval. There is also the margin which was allowed for negotiation as the amount to be paid as a bonus on the first 10,000. It was settled at 17s. 6d., being 6d. less than the maximum limit agreed upon in the original memorandum.

'The parties with whom I negotiated on the above lines immediately formed themselves into a syndicate, they engaging, while conforming to the laws in all the countries where the laws are restrictive, as also in those where no restriction exists, to do all in their power to promote emigration to Canada. Just here I might add to your Lordship's information, as also for the Department of the Interior, that it is intended—subject of course to submitting the arrangements to the department—that the work of this syndicate will likely assume a wider phase than simply furthering emigration to Canada on the lines presented in the agreement. The parties concerned are all men with means at their disposal, and entertain the idea that it might be possible to enter into arrangements with intending emigrants who have not the amount of money at their disposal called for in the agreement, to advance the necessary funds, at a reasonable rate of interest, they taking a lien upon their holdings or locations until the principal is paid.

'It will not be out of place for me just here to refer to the extensive character of the work that the syndicate in question intend to carry out. They will have agencies in fifteen or sixteen parts of Russia, and in several districts in all the other countries which heretofore the department has not been able to reach, either by its literature or through booking agents. In addition they expect very shortly to have advertisements about Canada as a field for emigration in about one hundred newspapers, and also have offices open for the purpose of furnishing information that may be asked for in response to the advertisements in question. They had employed before I left Hamburg several experienced clerks who had been connected with emigration work in offices other than their own. The programme, as outlined to me, and into which I necessarily made an exhaustive inquiry as to the prospect of carrying out in its details, presented an aspect which I must acknowledge exceeded my most sanguine expectations. A map that was prepared showing the districts or localities which they expected to cover I had the honour of showing your Lordship the day after my return from Hamburg.

'Following this arrangement, provisional, I presume, it may be called, which was effected on the evening of the 21st, I received on Sunday morning a legal opinion from the firm of Messrs. Charles Russell & Co., which they had received from Mr. Vesey Knox, of 5 Paper Buildings, Temple, London, on the proposed agreement which I had left with them the day following my first interview with your Lordship in connection with my then proposed trip to the continent. This opinion was submitted to your Lordship on the 20th, as I understand from your Lordship. My first impression upon reading the opinion somewhat hastily was that it condemned the whole proposal as to emigration work on the continent, but on reading it over more carefully I found that the basis of the argument presented was the law as it stands in Germany. This, however, had already been considered during our negotiations, and the question of work

in Germany was left out, and formed no part whatever of the arrangement that was arrived at. Very careful reading, however, of the opinion given by Mr. Knox shows considerable vagueness on the points presented. Mr. Knox apparently assumed that the laws were equally restrictive in the other European countries, whereas there are, as your Lordship is well aware, countries where no laws exist to prevent emigration—countries where the government of Canada now has advertisements offering information to those desiring to emigrate, and these advertisements are permitted and are within the knowledge of the authorities. Advertisements are permitted in Austria, Hungary, Roumania, Finland, Norway, Sweden, Denmark, Holland, Belgium, France, Switzerland and Italy, and the distribution of Canadian government literature has taken place for years, and we would fain believe is now taking place not only in these countries but in Germany as well.

'Mr. Knox assumes that any persons working, either directly or indirectly, under the proposed agreement would be agents of the Canadian government. I submit, granting for the sake of argument that they would be agents, that they would only be so within the lines of the authority given to them under the agreement, which stipulates most distinctly and implicitly against any violation of the laws of their respective countries.'

By Mr. Foster :

Q. I do not like to interrupt but my attention was called away a moment ago and I am a little confused as to whether this is Mr. Knox's opinion, or Mr. Russell's opinon on Mr. Knox's opinion, or a criticism by Mr. Preston. Which is it ?

A. It is my letter, Mr. Foster, to Lord Strathcona. (Reads.) 'Under these circumstances there could not be a possibility of a breach of the law being committed within the scope of their authority or their employment. In fact the second to the last clauses of the opinion Mr. Knox's suggestion would, according to his own line of argument, appoint all those coming under such a clause as the agent of the government without any proviso whatever, showing the intention of the department to provide against a contravention of local laws, and the notification which he proposes should be sent to the agents as an excuse for the government adopting a certain policy in arranging a basis of payment has not even a semblance of candour or of statement of fact to commend its adoption.

'I would also point out to the attention of your Lordship that for 16 years the government of Canada have paid a bonus to booking agents on emigrants from all the countries embraced in the provisional agreement referred to. There have been conflicts between booking agents as to whose firm was entitled to the bonus upon certain emigrants from time to time, and the decisions of the department have not always been received with good grace by the disappointed claimants for the bonus money so that all the opportunity has been offered, under the plan that has been in vogue for many years, to prompt rival agents setting supposed laws in motion against those whom they might have desired to have punished by the authorities, or to "direct the attention of the European governments to the policy pursued by the Canadian government" as Mr. Vesey Knox fears might be done under the agreement considered by him, and yet none of these "lions in the path" has been found.

'A careful reading of the reports from the distinguished gentlemen who have occupied the position of High Commissioner for Canada since the office was created, and of the reports that have been made from time to time by officials appointed by the government of Canada for that purpose, gives one the impression of the impossibility of all the publicity that has been had in connection with the Canadian government and continental emigration, that the policy of the Canadian government in this respect can have escaped the attention of any government in Europe. Almost every policy has been tried, with the view of securing a large influx of Europeans to Canada. Millions of pamphlets are supposed to have been distributed and from time to time great expec-

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tations were given expression to as to the success that would attend the special efforts that were put forth. These expectations certainly have not been realized under the policy or policies that have been in operation so far.

'I do not think, notwithstanding the opinion that has been given by Mr. Knox, that there is the slightest possibility of complications arising under the proposed policy that could not have arisen out of the policies that have been in operation from time to time. I think the present provisional arrangement is one that will show a greater return for a given expenditure than has ever yet been had for Canadian emigration work in Europe.

'For these reasons I have no hesitation in still affirming my firm conviction that the best interests of Canada will be served by immediately carrying out in its fullest extent the policy which the Department of the Interior has so emphatically decided upon in this connection and which I think I am justified in saying also received the approval of your Lordship, provided of course that it is worked out in harmony with the laws of the countries in which it might be instituted, and of that fact I submit that there is now no evidence of any intention to the contrary.

'I am, my Lord,

'Yours faithfully,

'(Sgd.) W. T. R. PRESTON.'

In sending that to Ottawa Lord Strathcona forwarded the following letter :—

'17 Victoria St.,

'London, S.W.,

'November 15, 1899.

'Dear Mr. Sifton,—I duly received your telegram, dated the 16th ult., informing me that the proposed memorandum of agreement on continental work had been approved.

'This was duly communicated to Mr. Preston, and the inclosed copy of a report to me from that gentleman on the subject will explain fully what had transpired up till that date.

'I append also a copy of the opinion given by Mr. Vesey Knox, to which Mr. Preston refers, on the proposed agreement, and copy of "Additions to the opinion" subsequently sent me by Mr. Knox through Messrs. Russell & Co., after further consultation with Mr. Preston.

'The following telegram was addressed to you on the 25th ult.:—

'Consulted Russell. Deprecates proposed continental agency agreement as conflicting with continental laws. This would restrict emigration policy. As Preston deems it most desirable personally to explain position and consult you before proceeding further I favour his going Ottawa if you approve. Please cable now."

'In view of the legal objections raised to the agreement, to the fact that a formal agreement could not in any case be of much practical use, and that no reply was made to the above message, it was suggested that an offer, on the lines of the agreement, should be made to us by the firms interested, in the form of a letter, and that the arrangements should be completed by an interchange of correspondence.

'Mr. Preston therefore left for the continent on the 30th ult., to carry out the proposal on those lines. I have since received from him a letter reporting the completion of the matter, and transmitting the correspondence, a copy of which is appended.

'The effect of the arrangement, as I read it, is that certain of the continental booking agents, and their friends, whose names have not yet been given to me, are to form a company, which will endeavour to direct a larger emigration from Europe to Canada. The arrangement is not intended to apply at present to Scandinavia.

'The consideration is the payment of a per capita bonus on a rather higher scale than has hitherto been given (twelve years being made the adult limit instead of eighteen), and a contribution of £500 towards the expense of literature for circula-

tion. But it is a condition that the heads of the families are to be possessed of not less than $100.

'Personally I do not see that there is much difference in principle between the new scheme and that formerly in operation, excepting that the former is to be confined to a few of the booking agents. I hope, however, that those who are excluded may not, in consequence, be made antagonistic to the interests of the Dominion, and that the new arrangement may turn out to be of an advantageous nature.

'Of course we cannot dispute the fact that it involves certain risks. I gather, from what has transpired, however, that Mr. Smart and Mr. Preston have considered the matter from all points of view, and that they do not think that there is more risk attaching to the new proposal than to the old one, while, in their opinion, it has the advantage of being more systematic, and likely to lead to better results, which I trust may prove to be the case.

'As to the policy followed in the past I may say at once that it has not been so successful in its results as we could have wished but, in making any general statement of the kind some regard must be had to the difficulties of the situation.

'When the work of promoting emigration from the continent was inaugurated, we practically had no foreign settlements in Western Canada, and, consequently, were lacking the most powerful magnet for attracting immigration.

'On the other hand the United States had been working for many years on the continent, and had the advantage of direct steamship communication which we did not and do not now enjoy to any great extent. In consequence they were able to attract a large foreign population which yearly drew more and more people to it. There is no immigration agent so potent as the successful immigrant. Besides they secured the great bulk of their people before we were in the position to offer prairie land to any extent to emigrants to Canada; and in times which were less prosperous on the continent than those of recent years.

'The former bonus arrangements were framed, I believe, on the lines adopted by the American railway companies, and we have only paid for results achieved, apart from the expenditure of about £500 a year, on an average, for printed matter.

'It may be a question whether all the agents have distributed our literature as they should have done, but it is certain that the pamphlets were prepared in consultation with the agents, that they were only supplied with what they asked for, and that not an inconsiderable proportion of each issue was distributed direct to addresses obtained in our own offices.

'In fact, our work has been going on all the time necessarily unobstrusively, but I think the results are beginning to appear. I am satisfied that without these efforts we should never have secured the Galicians, the Doukhobors, or have been able to attract so much attention in Finland, and in the Molokane and German districts of Russia ; and it is not likely either that our foreign immigration would have grown as it has done, but for these efforts.

'You are aware that during the last three years, for example, our continental immigration to Manitoba and the Northwest has reached about 25,000 in all—5.012 in 1897, 6,906 in 1898, and this year up to date, 7,980, exclusive of Doukhobors and Galicians, who have gone out since the bonus was withdrawn—so that in the period from 1897, inclusive, we have sent out more than in the previous twelve years—since 1885—when the bonus was first adopted.

'There is now quite a respectable nucleus of foreigners in Canada, and there is sure to be a certain movement towards Canada each year, in addition to the Finlanders and others we expect, although, of course, it may perhaps be increased or decreased according to the policy in operation from time to time.

'There has been another disadvantage, under which we laboured, and I am glad to notice that, in the proposed new arrangement, this has been borne in mind. I refer to the uncertainty of our arrangements. In 1889-90 the bonus was altogether with-

drawn. Since then there have been frequent suggestions for its suspension, and, as you know, within the last two years the bonus on the Galicians was discontinued, commenced again, and again discontinued, and now it is to be renewed. To be successful on the continent our policy must be continuous, until we are in a position to let immigration more or less take care of itself—which is now largely the policy of the local governments in the United States, and of the railways.

'I inclose a copy of the instructions sent to the Liverpool agent to notify certain of the continental agencies of the suspension of our bonus arrangements.

'I need hardly point out that the new arrangement must be regarded as very confidential, and that it must not be made public in any way.

'Believe me,

'Yours very truly,

'(Sgd.) STRATHCONA.'

By Mr. Bergeron

Q. Whose letter is that ?
A. It is Lord Strathcona's letter.
Q. Addressed to whom ?
A. To the Minister of Interior. 'Dear Mr. Sifton' it is addressed.
Q. What is the date of it ?
A. 15th November, 1899.

By Mr. Barker :

Q. I propose now to go on with the examination of the witness. Will you take notice of these papers ?
(Producing papers.)
A. Yes, sir.
Q. What are they ?
A. These are accounts of the Farmers' Auxiliary Association, 13 Charing Cross, London, S.W., to the North Atlantic Trading Company.
Q. Is that a Leopold office ?
A. That is a Leopold office, yes.
Q. The Farmers' Auxiliary Association against——
A. Against the North Atlantic Trading Company.
Q. Whose name do you find upon that ?
A. I think the signature here is 'L. Leopold,' at least 'L. L.'
Q. Signing on behalf of——
A. Of the Farmers' Auxiliary Association. The association to which I referred the other day.
Q. There are two other accounts there I believe?
A. They are of the same character, Mr. Barker.
Q. They came out of this envelope?
A. These vouchers were before the Agriculture Committee the other day.
Q. This is the envelope produced, is it?
A. I did not take them out, I judge so. I think the endorsation indicates that.
Q. Do you observe four words on the envelope?
A. Yes, 'Not to go in.'
Q. Yes, who wrote those words?
A. I could not tell you, I do not know the writing at all.
Q. Do you not recognize the writing?
A. No, I do not.
Q. Quite sure?
A. Quite sure.
Q. Never saw it before to your knowledge?
A. Not that I know of, Mr. Barker.

Q. Was that not written by Mr. Smart, sir?

A. I could not tell you.

Q. Just look at it again and give us your opinion?

A. I really could not tell you.

Q. What is your belief?

A. It is much larger.

Q. Do you say it is not Mr. Smart's handwriting?

A. I really could not tell you.

Q. Have you no belief about it?

A. It has never occurred to me at all.

Q. I am not asking you that. I am not asking what did occur to you. Look at it now and say whether you believe or do not believe it is in Mr. Smart's handwriting?

A. I am really not in a position to express an opinion. I really could not tell you.

Q. How many times have you seen Mr. Smart's handwriting in the last two years?

A. I have seen it very frequently.

Q. You have seen him write?

A. I have had letters from him and I have seen him writing, yes. I thought he wrote a clearer hand than that. Of course that is written with a heavy pencil.

Q. Does it not look like his writing?

A. I really could not tell you as an expert.

Q. I do not suppose you are an expert. Cannot you tell whether it is something like his writing?

A. I could not tell you. It never occurred to me until you made the suggestion.

Q. Were you not asked who wrote that the other day?

A. The question may have been asked by some one in the committee, but I do not think it was answered, or if it was the same answer was given. They were firing questions all along at the time.

Q. So you tell us that you have no opinion as to whose handwriting this is?

A. I really could not on the spur of the moment.

Q. I will give you a moment or two?

A. I would not express an opinion on it. It does not look like Mr. Smart's handwriting, looking at it at this distance.

Q. Are the characters in Mr. Smart's handwriting ?

A. The characters may be like my own writing. I think I could say that much to you. But I really could not recognize it. I would have no hesitation in saying so if I did. However, it is quite immaterial to me whether it is or not.

Q. I did not ask you whether it was material to you?

A. I would not express any opinion. I could not state whose handwriting it is, being written with such a large pencil or blotted as that is.

Q. What is this Farmers' Auxiliary Association?

A. That is the institution about which I spoke, I think, in my first evidence here, one of the things Mr. Leopold told me he came over to London to start.

Q. What is that?

A. It is one of the institutions Mr. Leopold told me he came over to London to start.

Q. Oh, he told you he came over to London to start this institution?

A. At least he discussed it with me when he first came over, perhaps we had better put it in that way.

Q. When he first came over?

A. Yes.

Q. I see. And this was the particular auxiliary or society or company he told you he came over to form?

A. Yes.

Q. And that was when you first knew him?

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A. That was in the first few weeks, perhaps the first few days.

Q. How long before you discussed the bureau with him?

A. That was months before he discussed the bureau.

Q. A year before?

A. Months.

Q. Twelve months?

A. No, I do not think twelve months. My recollection is, as near as I can bring it to mind, that he came to London some time before the coronation. I cannot fix it any nearer than that.

Q. That would be June, 1902?

A. Yes, and our office was on Victoria Street at the time and it was there when he first introduced himself.

Q. How did he come to you?

A. He came to me as Commissioner of Emigration, as having charge of the emigration work of Canada.

Q. Had he a letter to you?

A. Yes he had a letter. Well no, I do not think he had. He had letters of recommendation as to character.

Q. From whom?

A. From a German banking firm, if my memory serves me right.

Q. You are quite sure of that?

A. Yes, I am quite sure about that because we have frequently spoken about it since.

Q. From Holland?

A. Somewhere on the continent, Mr. Barker.

Q. Somewhere farther on?

A. Yes.

Q. Did he tell you then what the scheme of this auxiliary society was?

A. He did.

Q. What was it?

A. The scheme was to assist German agriculturists, particularly, to emigrate to Canada, to find the means to pay their transportation and to see what security the department could offer, or that he could get from them, to ensure the return of the moneys.

Q. Did he speak about getting an office?

A. I could not tell you. I know he got an office.

Q. When?

A. It was some time after I saw him.

Q. Before he went to the Bureau?

A. Before he went to Charing Cross, yes.

Q. And had you any association with him there?

A. I was never in his office there.

Q. You never were in his office?

A. No.

Q. Did he go to yours?

A. He came to my office frequently.

Q. On emigration business?

A. On emigration business, yes.

Q. Who did he represent?

A. He professed to represent what he called his Farmers Auxiliary Society.

Q. Who were they?

A. I could not tell you who they were.

Q. Did you never know?

A. I took it for granted he ran the business or it worked out afterwards that it was his own business.

Q. You state that in connection with emigration a man comes to you and says he represents a Farmers' Auxiliary Association and you do not ask who they are?

A. Or proposes to establish an Auxiliary Association.

Q. And you did not ask who the people were or anything about it?

A. I thought he was there alone.

Q. Would you take Mr. Lazarus Leopold, a German Jew coming there to start a Auxiliary Association, as a man that you would drop into business with at once?

A. I did not drop into business with him.

Q. You did not?

A. No.

Q. How long did it take you to find out all about him?

A. It did not take me long. I thought him a very reliable man from the beginning.

Q. You were impressed with him?

A. From the beginning he impressed me as a very reliable man and I have not changed my mind.

Q. And therefore you did not ask him who he represented?

A. I do not know that that question came up. I considered it was his own business.

Q. He was a man coming from the continent to you to enter into this important business and you took his word and made no further inquiries?

A. I took his word, yes. In addition to that he told me, I might say, Mr. Barker, whether it was before or afterwards I could not tell you, but he told me he had been in a banking firm from the time he was a boy up to that time.

Q. Do you recall now anything at all that he mentioned to you, from first to last in connection with that society?

A. No, not in connection with that society.

Q. Not one?

A. No.

Q. From first to last or any person connected with it?

A. I never knew any person from first to last connected with it—I cannot recall at this moment any other person than Mr. Leopold.

Q. You are quite sure of that?

A. As being connected with this business.

Q. Did you never see any person in London who was connected with that business?

A. I have seen people in London discussing things with him.

Q. Connected with this business?

A. No I could not say they were connected with his business.

Q. Were they emigrants?

A. Oh no, other than emigrants.

Q. You understand what I mean, people for whom, or with whom, he was acting?

A. Yes, I can now.

Q. You can? Have you any objection to telling who they were?

A. I have not. There was one, a Mr. Freidbergh.

Q. Freidbergh?

A. Yes. There was one, a Mr. Freidburgh.

Q. Who else——

A. He was from Rotterdam and I think he is now from Antwerp.

Q. Who else?

A. He and Kohan were old acquaintances.

Q. Kohan?

A. Yes. I have seen them together.

Q. That is the secretary——

A. Of the North Atlantic Trading Company, yes.

A. Any one else?

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A. I cannot recall any one else to mind at this moment.

Q. Quite sure you haven't any one in your mind now connected with him or the North Atlantic Trading Company——

A. No.

Q.——with whom you saw him in London ?

A. I have seen other people in London with him, yes.

Q. I mean talking with him as interested in his business ?

A. Oh, no.

Q. No others ?

A. No.

Q. Neither interested in the Trading Company nor in this Farmers' Auxiliary ?

A. Not that I knew were interested in his business or had reason to believe were interested in his business.

Q. What were these people concerned about then that you remember seeing, other than immigrants ?

A. I cannot tell you. It was their business. I have tried to attend to my own business ; it certainly did not interest them.

Q. Then 'L. L.' are his initials ?

A. They look very much like his initials—I would say so.

Q. Signed to the receipt for the money ?

A. Quite so.

Q. The address then on the papers is of the Farmers' Auxiliary Association ?

A. Quite so.

Q. 13 Charing Cross, London, S.W.?

A. Yes.

Q. That is what we know as the Leopold office, above your office ?

A. Yes, the same building as our office.

Q. That is an account made out entirely in typewriting, 'North Atlantic Trading Company, Dr. to the Farmers' Auxiliary Association' ?

A. Yes.

Q. For advertisements during 1904-05, paid to Street and Company, in Holland, in Germany, and so on. Will you explain what that means ?

A. Street and Company are advertising agents in London.

Q. Yes ?

A. A very large firm.

Q. What would this mean, North Atlantic Trading Company Dr. to the Farmers' Auxiliary ? What would you understand that to be ?

A. I would understand that the Trading Company had made some arrangement with Leopold or the Auxiliary to carry on part of their propaganda.

Q. Indeed ?

A. Yes.

Q. Then the business of the Trading Company was being carried on in that office above yours ?

A. Well, you could hardly say that. The business of the Farmers' Auxiliary, which was the first that I knew Leopold was going to engage in, was being carried on in the same building that we were in in London.

Q. Just listen. The North Atlantic Trading Company were paying one account here of £90 to persons occupying a room above your office ?

A. Quite so. That is evident from the voucher.

Q. And there is another account the same way, £690 4s. 11d. Just says 1904-05, propaganda work. Isn't it clear then from that that in the room above your office work was being done for the North Atlantic Trading Company ?

A. Quite evident.

Q. Then there is an account that is not addressed to anybody. It is marked, 'literature, 50,000 German papers, 50,000 application forms, 5,000 letters from clergymen, as

per accounts from Hickson, Ward and Company, £113 19s. 6d.' Do you know anything about that ?

A. No.

Q. That is not addressed to anybody ?

A. Perhaps you will let me see it ?

Q. (Handing document to witness.) The top of the paper you will observe, is torn off. Perhaps you can explain it ?

A. No, I cannot give any explanation about it. It looks like part of the Farmers' Auxiliary account.

Q. The same paper as the other ?

A. I would judge that is what it is—I think there is no question about it.

Q. Have you any idea in whose name that account was made out ?

A. I have not, but I would judge from its association that it is the North Atlantic Trading Company.

Q. All these are receipted by Leopold on behalf of the Farmers' Auxiliary Association ?

A. Evidently.

Q. When did you first know that this was going on ?

A. The Farmers' Auxiliary ?

Q. Yes?

A. I knew the auxiliary was going on very shortly after Leopold came there.

Q. When did you first know that the auxiliary were doing anything with the Trading Company?

A. I did not know that until the other day.

Q. You never knew that?

A. No, I did not. I knew all the time that the Farmers' Auxiliary was carrying on a propaganda in Germany—knew that very well—and I was frequently consulted, as I think I tried to make plain, by Leopold in regard to his continental work. And it occurs to me that he told me at one time that he had an arrangement with Freidbergh. I was not clear about that the other day, but I think I am fairly clear about it now ; Freidbergh, of Rotterdam—he had an office in Rotterdam, and subsequently removed his office to Antwerp, and I think they were——

Q. Anybody else besides Freidbergh?

A. I do not know that he had business communication with any one outside of Freidbergh, and I am surprised that it did not occur to me long ago—I might have thought there was some connection between the Trading Company and Leopold.

Q. That company that had such an intimate connection with you?

A. They had no connection with me whatever, pardon me.

Q. You know what I mean ; you had no relations with them at all ?

A. I had official relations with him.

Q. Business relations?

A. Official business relations.

Q. That company that you had such important business relations with were carrying on business with a man upstairs?

A. Important official relations. But I cannot tell you to-day who were the partners in Cooks or any of these other concerns. It is none of my concern.

Q. Do you mean to say that you had not the slightest suspicion that this North Atlantic Trading Company that you had made all that long arrangement with had not business relations with the man upstairs?

A. I did not know that the North Atlantic Trading Company had business relations with Mr. Leopold, although I say I am surprised now that it was not made plain to me. I think I should have deserved their confidence.

By Mr. Hughes (Victoria):

Q. You knew that Leopold was carrying on work on the continent?

A. I knew Leopold from the time he reached London or shortly afterwards was carrying on continental work.

Q. And the Trading Company was doing work under their contract?

A. Yes.

By Mr. Barker:

Q. I see that in addition to the $58,000 of printing you mentioned the other day going to Somerville——

Mr. FOSTER.—The Arundel Printing Company.

By Mr. Barker:

Q. There is no such company as the Arundel Printing Company ?

A. There must have been.

Q. Because it had a name?

A. I fancy so.

Q. Do you believe it had a charter ?

A. I cannot tell you.

Q. It came into existence when you gave them that contract?

A. It came into existence when we gave them the contract.

Q. It had not been a chartered company before ?

A. I think Somerville told me he had registered the company.

Q. You never ascertained that?

A. I did not go beyond that.

Q. We will call it the Arundel Company. You gave them in addition to the $58,000 I see in 1904-5, $1,210?

A. I did not give them anything ; the department——

Q. Your department.

A. Yes, quite so.

Q. Printing a pamphlet called 'Canada wants workers,' $1,210. Is that the last they have had?

A. I really cannot tell you.

Q. That is the last we know of from the Auditor General's Report.

A. I should be very glad to look up the files and give full particulars.

Q. The company is not in business ?

A. No.

Q. When did it go out of business?

A. Perhaps I am speaking too quickly——I really cannot tell you.

Q. As far as you know, it is not carrying on business?

A. I do not know anything about it.

Q. Had Somerville been engaged in printing before you gave him these contracts?

A. He told me he had.

Q. Told you he had been engaged in printing ?

A. Engaged in getting printing—perhaps I should put it that way.

Q. For whom, did you understand?

A. I really cannot tell you now.

Q. Do you not know that he was simply the agent for a newspaper, in looking after the ordinary business interests, an agency?

A. He was not at that time.

Q. That he had been?

A. Yes, previously.

Q. And that was followed by the agency, or something like that?

A. The agency of a company, the Butterick Company.

Q. Butterick's Fashions, ladies fashions?

A. Yes.
Q. That is what his business was?
A. Yes.
Q. Wasn't he in that business when you gave him that contract?
A. He was, but I did not give him the contract.
Q. The department?
A. Yes.
Q. You are very particular?
A. I think I have to be.
Q. You told us you went to see him?
A. Yes, I did.
Q. Did you give him the contract?
A. No.
Q. You only spoke to him about it?
A. No, Mr. White and I went to see him, to see if he could recommend us some place to get the printing done in a hurry.
Q. You have got that down already. I would like to ask you again about Mr. White. Had he ever done any printing in London?
A. I do not think he had.
Q. White knew as much about printing in London as Preston did?
A. You will have to ask him.
Q. I am asking your opinion?
A. I cannot tell you White's qualifications. I did not know much about printing, although I ran a printing office once.
Q. I think you would know more about it in London than White. You had been there for some time?
A. I was giving my attention to other matters.
Q. He had gone there from here, having been a printer here; you and he went to Somerville, agent for the Butterick's fashions?
A. Yes, a practical printer and getting a great deal of printing done.
Q. A practical printer?
A. A practical printer now.
Q. He seems to be one of those practical printers who don't print, never been engaged in printing?
A. Oh, yes.
Q. In England?
A. Not in England, no.
Q. Then you gave him these contracts?
A. He was given these contracts.
Q. As I say you, and as you say, the department?
(No answer.)
Mr. BARKER.—I would like the Auditor General to produce the cheques in payment of these accounts.

By Mr. Bergeron:

Q. Who was Somerville?
A. The son of a former member of this House.
Q. A Canadian?
A. Yes.
Q. Living in London?
A. Yes.
Mr. BARKER.—I asked the Auditor General to produce any cheques that he has got from the Immigration Department to the Arundel Printing Company.

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Mr. JOHN FRASER (Auditor General) was recalled.

By the Chairman:

Q. Have you got the accounts for 1904-5?

A. I have.

By Mr. Barker:

Q. I would like to know from the Auditor General what course he is going to take?

A. All that I want to be clear on is what the committee has ordered me to produce, if I am to produce anything that the committee orders ?

Mr. FIELDING.—I would be willing if the committee will accept it, to avoid the delay of going to the House, to move that the Auditor General be requested to produce these cheques asked for. I want the fullest investigation in this matter.

Mr. FOSTER.—I second the motion.

The motion was carried.

WITNESS produced accounts and cheques asked for.

Examination of Mr. W. T. R. Preston resumed.

By Mr. Barker:

Q. I see an account here, Mr. Preston, dated 26th May, 1903. There is first of all a receipt, 'Received of the Government of Canada the sum of six hundred and nine pounds, twelve shillings, for printing, the Arundel Advertising and Printing Company, per K.' What does that mean?

A. I really cannot tell you.

Q. Who is 'K.?'

A. I cannot tell you.

Q. Is that Karlsberg?

A. No.

Q. It is not ?

A. No.

Q. You are quite sure?

A. It does not look like Karlsberg's handwriting. I am quite sure it is not.

Q. The cheque is made payable by the High Commissioner, countersigned by Mr. Preston, to the Arundel Advertising and Printing Company, £609 12s. It is endorsed 'The Arundel Advertising and Printing Company, per D. Somerville, manager.' It is payable to the order of the president of the Dresden Bank in Hamburg, B. Karlsberg. Who is that?

A. Karlsberg is a booking agent in Hamburg.

Q. Then, another endorsement which I cannot make out. Perhaps you can tell (handing document to witness) ?

A. The Dresden Bank, yes.

Q. That is the second one ; it is another bank, I suppose ?

A. I expect so, yes.

Q. This Mr. Karlsberg, you say is a booking agent ?

A. A booking agent at Hamburg.

Q. What is his connection with this business ?

A. None whatever that I know of.

Q. You cannot account for how he came to get a cheque for £609 that had been paid to the Arundel Printing Company ?

A. No, but now that you speak of it I remember upon one occasion Somerville got his cheques just when he was starting for Berlin on some business——

Q. Yes.

A. He was too late for the bank and I just gave him the address of Karlsberg at Hamburg whom I thought would cash his cheque for him, but I never knew until this moment that it had been done.

Q. It was a pure coincidence ?

A. Yes.

Q. I see there are two receipts. The cheque is £620, May 26th, and a receipt on that day is for £609 12 shillings. There may be another receipt ?

A. I think you will find the other there. My accountant was very careful.

Q. Yes, possibly. There are different cheques payable on the same day, can you account for that?

A. I cannot. They are all made up by my accountant.

Q. Why should you give three or four cheques on the same day ?

A. I cannot tell you.

Q. There is a cheque issued on 15th May for £610, a receipt for that cheque on the 26th May. Then there is a cheque issued on the 15th May for £612, and a receipt on the 26th May for £612. There is a cheque on the 26th May for £620, and a receipt on that day for £620. There is a cheque on the 26th May for £609 12 shillings, and a receipt on the 26th May for £609 12s. Now, I see the cheque for £620 is endorsed by the Arundel Advertising and Printing Company, per Somerville, manager, and it is also endorsed by Louis Leopold. Can you account for that ?

A. I cannot ; never heard of it before.

Q. Never heard of it ?

A. No.

Q. I suppose there is no doubt about these signatures ?

A. No.

Q. Never heard of this before ?

A. No.

Q. Don't these cheques come back to you ?

A. They come back to the office.

Q. To the office, with these signatures on them ?

A. Yes. I never see them.

Q. You never saw these ?

A. The accountant has instructions to send them on to the department.

Q. Did he ever call your attention to the fact that——

A. My accountant, no. I do not think she ever spoke to me about any returned cheques since she has been there. She is a young woman, very capable and very thorough.

Q. And you are really surprised to learn that these signatures——

A. This is the first I heard of it.

Q. Is it a matter of surprise to you ?

A. Oh, I would not say it is a matter of surprise.

Q. Was Leopold a man who could advance to Somerville six hundred odd pounds ?

A. I cannot tell you, I am sure. He is worth some money.

Q. You think possibly he went to Karlsberg because he was on the continent and wanted some money ?

A. He wanted to get the cheque cashed.

Q. Can you account for your signing just at that time four cheques for different amounts, for large sums ?

A. No, I cannot. They are drawn by the accountant.

Q. Signed by you ?

A. Yes.

Q. When you are signing cheques for something like two thousand five hundred pounds at that time, four cheques, you cannot recall the circumstances ?

A. I cannot as to the division of them.

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Q. And in this batch of cheques we find part of the money going to Leopold and part to Karlsberg.

A. I cannot tell you anything about it. Karlsberg—I think I have explained what covers that.

Q. You recall that distinctly ?

A. I recollect very well telling Somerville once when he came to the office—he was leaving that night for the continent and wanted some money—I told him that Karlsberg—I gave him two or three names in Hamburg of well-to-do men who would have no trouble in cashing his cheque for him.

Q. What date was that ?

A. I cannot tell you, I really cannot tell you.

Q. What would Somerville be going to the continent for with six hundred odd pounds of money ?

A. I cannot tell you.

Q. You have no idea ?

A. No. He was agent for the Buttericks on the continent as well, and went to the continent very frequently.

Q. Would he need three thousand odd dollars ?

A. I cannot tell you, I am sure.

Q. When he told you that he wanted that money and was going away that night didn't he go a little further and tell you just what the urgency was, why he wanted the money ?

A. I really cannot tell.

Q. And you don't know?

A. No.

Q. And don't know why he went?

A. No.

Q. Any more than why Leopold got the other cheque?

A. No, never knew it before.

Q. I want to know who got the money, that is all. There is a cheque here—perhaps you can recall and tell us what it is. It is a cheque for £68 4s. 4d.—no, it is a receipt altered. Perhaps you can recall something what that means?

A. The receipt was drawn—I was going to say it was my accountant's writing, but it is not—the receipt was drawn for £68 5s. 2d., whereas it should only have been for £68 4s. 2d. I judge that by the statement attached.

Q. There is nothing peculiar about it that you wish to recall ? I don't know anything about it.

A. No, I really don't. That (pointing to figures on lower left hand corner) is my accountant's writing. I am fairly sure of that.

Q. There is no cheque for that?

A. I cannot tell you.

Q. Just see.

A. There seems to be no cheque there for that voucher.

Q. You cannot account for that?

A. No.

Q. That is not your department. Perhaps the Auditor General can tell us?

A. In that £68 4s. 2d., perhaps you have not noticed, it does not contain a certificate of correctness from me. I do not know——

Q. It is a receipt which is peculiar. I dont mean to say there is anything wrong about it. Mr. Preston, I see from one of these accounts of the Arundel Advertising and Printing Company that they have inserted advertisements in a large number of newspapers, somewhere about 600 newspapers?

A. Quite so.

Q. About 600 newspapers in England—England and Scotland I suppose?

A. I think the United Kingdom, Mr. Barker.

Q. Now, you have given that company the job of advertising for the department in all these papers?

A. Yes, that was done.

Q. Do you recall how much they got under that?

A. No, it is a large amount of money, and it was on the occasion of the first visit of Mr. Smart and Mr. White jointly to Europe for the purpose of starting their propaganda, and I understand some offers were got, and one that they regarded as very favourable. Mr. Somerville, if you will pardon me I think if you will look on the files you will find the official report by Mr. White and also by Mr. Smart instructing it to be done. It was not done by me personally.

Q. Who is 'T. A.' ?

A. If you will allow me to look at it perhaps I can help you with it (refers to document) it is Thomas Allin.

Q. Your clerk?

A. No, he was assistant accountant in the High Commissioner's office.

Q. Now, I see as to these advertisements that you gave Mr. Somerville's company, the Arundel Company, the job of advertising, he acted as a go-between ?

A. It was not done by me but by the Deputy Minister, Mr. Barker.

Q. Mr. Smart?

A. Mr. Smart, yes.

Q. The account comes to £3,207 16s. 5d.?

A. Yes, it was a very large propaganda we started on and there was a very large plan of advertising.

Q. It is certified correct by W. Preston?

A. Quite so.

Q. And that was all paid?

A. That was all paid, yes. All the correspondence is on file in the department, and has been all the time.

Q. Now, you had been there for a few years; were you not able to arrange for your advertising without getting a go-between like Somerville?

A. Yes, I suppose I was.

Q. Why didn't you do it ?

A. I had no authority to do it. I simply carried out the instructions of the department.

Q. Did you advise Mr. Smart that this should be done ?

A. No, I do not think that came up between us at all.

Q. Then, did Smart accidentally run across Somerville ?

A. No, it occurs to me that after the question of the printing had been settled which Mr. White had reported upon as being favourable, with prospect of speedy delivery, that an inquiry was then made of Mr. Somerville as to whether he could do anything in advertising, make any special arrangement for advertising.

Q. Who made that inquiry ?

A. Either Mr. White or Mr. Smart, I really cannot tell you.

Q. Quite sure ?

A. Well, I may have made it in a kind of way.

Q. Not you ?

A. No. Well, I may have made it in a kind of a way, Mr. White and I interviewed Mr. Somerville together on the question of the printing but just at what stage of the negotiations the question of advertising came in I really could not tell you. The advertising covered 600 newspapers in the United Kingdom.

Q. Had you been in the habit of attending to that yourself ?

A. No, we had been doing very little advertising previous to this.

Q. This was a new departure ?

A. This was the starting of a big propaganda.

Q. In 1902 ?

A. In 1902.

Q. It was on June 12, I see.

A. Oh, it was earlier in the season.

Q. It was earlier in the season than June 12 ?

A. Yes, I think it was January or February.

Q. You had not been in the habit of doing this advertising and you started in with $16,000 worth of it.

A. Yes, the advertising previous to that, I think, had been done altogether in a very small way by Mr. Colmer as secretary of the High Commissioner.

Q. So you went in in this way ? In this new departure ?

A. The department went in in that way. We have spent very much more since then per annum.

Q. What information did you get upon which to certify that these accounts were proper ?

A. We had a great many of the newpapers—I could not just tell you, it was in the hands of my accountant, Mr. Allin, that detail would be attended to by him. He would bring his report to me, or the account initialled by him, and I would certify to it.

Q. Did you certify to Somerville's accounts ?

A. I did not certify until the details were found correct by the accountant.

Q. Did Mr. Allin do so ?

A. I really could not tell you without looking at the accounts.

Q. Did you ascertain what he had paid for these advertisements ? What was Somerville to get for his job ?

A. I think he was to get 5 per cent; I think that is what he told us he would get.

By Mr. Gervais :

Q. That was paid by whom ?

A. By the printer.

By Mr. Barker :

Q. He charged you these sums ?

A. Yes.

Q. But he got commission from the printer ?

A. Yes, I think at one time he told me that he was only getting 2½ per cent, but just at what stage of it I am not sure, but on one occasion he mentioned five.

Q. Well, 5 per cent on $16,000 would be $800.

A. Yes, that is it.

Q. Did you speak to anybody else but Somerville about that ?

A. I do not think so.

Q. There are other people who attend to that sort of business ?

A. Yes.

Q. The Streets, for instance ?

A. Yes.

Q. You had been in the habit of employing them ?

A. Yes, at least the department had.

Q. And on this occasion it was settled that it should be Somerville ?

A. It was settled that Roy Somerville should do it then. Some years since then we have spent very much more money.

Q. Then Mr. Karlsberg who cashed this £600 odd cheque ? What is he ?

A. He is a broker and booking agent in Hamburg.

Q. A broker and booking agent in Hamburg ?

A. Yes.

Q. What connection had the Emigration Department with Karlsberg ?

A. We had in a sense a connection with every booking agent in the country. I make it my business to call on them from time to time.

Q. In what way had you connection with Karlsberg particularly ?

A. Well, I found him enthusiastic about Canada and a very nice fellow, and we had grown to be very intimate, quite intimate in fact. I found him to be a very decent fellow.

Q. Did you go to see him ?

A. Frequently, yes.

Q. Did he belong to the syndicate ?

A. You must not ask me that Mr. Barker.

Q. But in all sincerity I do ask you ?

A. Then I shall have to refuse to reply.

Q. Will you say he was not ?

A. No, I will not say anything about it.

Q. Is he not the gentleman you referred to as so immensely wealthy ? The 5,000,000 marks man ?

A. No, Mr. Karlsberg is not worth 5,000,000 marks, I think.

Q. Is he the gentleman you referred to ?

A. No, he is not.

Q. Are you quite sure of that ?

A. Quite sure of that.

Q. Is there such another gentleman as you did refer to ?

A. Yes, there are more than one, I know more than one, Mr. Barker, booking agent on the continent worth that money.

Q. You were speaking to me of a certain gentleman that you had made an arrangement with for the syndicate. Is Mr. Karlsburg one of those gentlemen ?

A. I am not prepared to say.

Q. You are not prepared to say one way or the other?

A. No.

Q. He is a Hollander, is he not.

A. A Hollander ?

Q. Yes ?

A. No, sir, he is not.

Q. Is he a Belgian ?

A. No, he is a German.

Q. Does he live in Germany ?

A. He lives in Germany.

Q. Where did you say he lived ?

A. I think he lives in Hamburg.

Q. You think he lives in Hamburg ?

A. Yes.

Q. And he was really afraid to be disclosed, was he not ?

A. I have not said so.

Q. Do you think he was ?

A. I am not saying anything about it.

Q. What is your opinion ?

A. I am not expressing any opinion.

Q. You have no opinion ?

A. I do not say that.

Q. Then you have an opinion ?

A. I do not say whether I have or not.

Q. Was it because he was a member of the syndicate, you sent Roy Somerville to him ?

A. No, certainly not.

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Q. Did you ever have any communication with him except on immigration matters ?

A. Oh yes, I have.

Q. You have communication on matters other than immigration ?

A. I sent Mr. Karlsberg upon one occasion a letter of thanks for his kindness to one member of my family when she got married.

Q. I do not mean any communications, invitations, 'your presence is requested,' but I want to know whether you had been in communication with him at all, other than on social matters, excepting in regard to immigration.

A. Oh, Mr. Karlsberg and I are quite intimate.

Q. On business matters have you had communication ?

A. No, not on business matters.

Q. You had no business relations with him at all ?

A. None other than official.

Q. Only as an officer ?

A. Yes, as booking agent. When he comes to London he comes to my house and I very often go to his house in Hamburg.

Q. Who are these 292 shares held in trust for ?

A. I could not tell you.

Q. You do not know ?

A. I could not tell you.

Q. You do not know ?

A. I could not tell you—I know now, I found out yesterday, I saw the list yesterday—

Q. You say what ?

A. That I saw the list of the shareholders of the North Atlantic Trading Company yesterday.

Q. You never had them before ?

A. No.

Q. You did not know the names of one of the shareholders before that ?

A. I did not say that.

Q. Did you know that before ?

A. I do not say anything about it. I refuse for reasons that you know of, of being led into either admissions or non-admissions on that question. I have given you my reasons and I simply refuse to answer.

Q. You are not sure that Karlsberg is the man who paid that cheque?

A. I judge that is his signature on the cheque ?

Q. You have no doubt about that ?

A. I have no doubt that he passed it through the bank.

Q. Did he know that Leopold paid the other cheque ?

A. I could not tell you.

Q. Did Leopold know that Karlsberg paid that cheque ?

A. I do not know, the first I have ever heard of any one of them was in the way I told you.

Q. Then you tell the committee that except what you have said about Somerville going to the continent, there is no other reason why either of these men should have paid those cheques ?

A. I could not tell you of any.

Q. You know of none whatever ?

A. None whatever.

Q. It is a pretty large sum, £600, for a man like Leopold to have.

A. Mr. Leopold always has much money in his office.

Q. Mr. Leopold always has money in his office ?

A. Yes.

Q. Has he as much as £600 ?

A. I cannot tell you as to that, but I have seen him take his cash box out, and have seen gold in it.

By Mr. Foster:

Q. Did you ever see anything pass ?

A. Yes, I have borrowed money from Leopold on two or three occasions myself. Finding myself short of an afternoon I have gone in there and asked him for £2 or £3. My relations with him were very cordial.

Q. The same way with regard to Somerville ?

A. I cannot explain that.

By Mr. Barker:

Q. I suppose Mr. Somerville could have gone to your office to get that £600 cheque cashed, just as well as to Mr. Leopold, you are downstairs, and he would not have had to walk upstairs.

A. I really could not tell you why he went there.

Q. You were there on the 26th of May ?

A. I could not tell you, I will look up my diary and let you know if you like.

Q. This was a few days before the Coronation ?

A. Oh, yes, I was there all the time before the Coronation.

Q. He could have come to your office and arranged for that £600 just as well as going to Leopold ?

A. I really could not tell you; I do not know anything about it, therefore I can make no explanation.

Q. I would like you to give the Committee, you being very well acquainted with all these matters, a possible explanation ?

A. I have found in my lifetime, Mr. Barker, that about the worst evidence you can go on is suspicion. I am frank with you, and have told you everything I know, but I never knew before about this.

Q. You cannot imagine why he should go to Leopold instead of coming to you ?

A. I cannot.

Q. Did any part of that cheque or any payment,—it was divided up into four cheques—did any part of it come to any officer of the Emigration Department ?

A. Not that I know of.

Q. Not that you know of ?

A. No.

Q. Certainly none to Mr. Preston, I suppose ?

A. Certainly none to Mr. Preston.

Q. Neither directly nor indirectly ?

A. Directly or indirectly.

Q. What is the name of that man who is trustee for 292 shares ?

A. I saw it in the paper the other day, it is Mr. Pfeifel.

Q. Do you know him ?

A. Yes, I know him.

Q. What is he ?

A. He is a booking agent at Amsterdam.

Q. Is he connected with Mr. Karlsberg ?

A. I could not tell you.

Q. Is he in business on his own account ?

A. He is in business on his own account, so I have been given to understand.

Q. Have you any idea he is a subagent of Karlsberg or anything of that kind?

A. No, I have not. I see he is down in the books—we got the report from somewhere—as manager or as having something to with the North Atlantic Trading Company but just in what capacity I could not tell you ?

APPENDIX No. 3

Q. He is manager of the North Atlantic Trading Company is he ?

A. He is connected with the company in some capacity.

Q. But I suppose you can tell us he is not interested in it except as manager ?

A. I could not tell you ?

Q. Are you unable to tell us ?

A. It depends on what you mean by being unable to tell.

Q. Have you any knowledge ?

A. I have some knowledge.

Q. But you do not want to tell ?

A. As to whether he is or not ?

Q. You do not know for whom, or do you know for whom Mr. Pfeifel holds those 292 shares in trust ?

A. I do not.

Q. Is it for you ?

A. No, sir, certainly not.

Q. Or is it for Mr. Smart ?

A. I never heard of such a thing, never heard it hinted.

Q. Had Mr. Karlsberg any connection with the bureau ?

A. I do not think it. I never heard of it if he had.

Q. And you believe he is not connected with it ?

A. I believe he is not, yes.

Q. Is not Mr. Karlsberg the man who sent Leopold to you ?

A. No.

Q. Are you quite sure of that ?

A. Quite sure of that, Leopold came to me on his own account in the first place telling me what he had been doing, what he proposed doing, and produced a letter, as I say, from some banking institution with a German name, on the continent, as having been apprentice there, or having put in his time.

Q. Did Mr. Karlsberg have anything to do with the Auxiliary?

A. I could not tell you—I really do not know.

Q. In sending the steamship companies the British bonus of seven shillings and three shillings and sixpence would you send, say to the Allans or the C.P.R. a cheque to cover all their agencies ?

A. Sometimes we would and sometimes not.

Q. What was your rule ?

A. As a general thing they were sent.

Q. To whom ?

A. They were sent to the steamship company. There were cases where they were not. There was a case in connection with Leopold where a part of the bonus was paid direct to him ; there was also the case of Collier and there was also a case, I think, of the Self Help Immigration Society, there were several cases anyway in which the cheques were sent direct to the agents.

Q. Why were these cases made exceptional ?

A. It was done when they pressed for it personally.

Q. How could you ascertain what was coming to Leopold individually ?

A. We had the sheets or schedules by which the lists were easily made up. I can get one of the lists from the department for you, it is very clear as to the individual claims.

Q. Supposing you had fifty immigrants on a particular vessel, on an Allan liner coming out from Liverpool, and they came from all parts of England and Scotland, two or three from one town and two or three from another, and you had a half dozen from Leopold among them. How would you be able to pay Leopold separately without getting into trouble and confusion with the others ?

A. A sort of schedule comes in from the steamship company or at least at that

time it came in from the steamship company, for, it seems to me, each large agent. Sometimes where there was only one, or perhaps where there were only two they were run in by the steamship company on one schedule.

Q. That is several on one schedule ?

A. That was done for a while, and then eventually I think they all came made out by the steamship companies on one schedule, or on consecutive schedules, the names of the different claimants being set forth in, I think, the last column in each case.

Q. Then you sent one cheque to the Allans for their account ?

A. No, if the accountant issued a cheque for any one booking agent, the amount was of course deducted off the general Allan account.

Q. If you settled with Leopold separately you would send them a cheque for the balance ?

A. I would send them a cheque for the balance.

Q. Why would you want to settle with Leopold separately ?

A. If he pressed very strongly for the money, he and some others, they did not want delay.

Q. But he had £600 to give to a friend ?

A. I have not heard anything about £600 going to friends.

Q. He cashed the cheque.

A. That may be.

Q. Still he was wanting a few seven shilling bonuses ?

A. Yes, he was always pressing for his money more quickly.

Q. What became of the Auxiliary?

A. It is still in existence and doing a large business.

Q. Who is running it.

A. Leopold.

Q. Leopold is in the syndicate now, is he not ?

A. I do not know that he is. A letter I got a week ago last Thursday or Friday shows that he is one of the agents of the syndicate.

Q. As far as you know it is a matter of business, not of information. Leopold is both agent of the Auxiliary and syndicate?

A. Yes, he is practically owner of the Auxiliary and one of the agents of the Trading Company.

Q. Was not Leopold's agency when you started it under the name of the bureau, was not that confined to London ?

A. I did not start it, Mr. Barker.

Q. You did not?

A. No.

Q. Well, when it was started then, was it confined so far as British emigration was concerned to London ?

A. Apparently so.

Q. How do you mean 'apparently so,' the papers all said so, his agency, his license said so ?

A. Yes, his license said so.

Q. Did you not enable that to be spread all over England and Scotland ?

A. Oh, no, it was not necessary.

Q. You did not ?

A. It was not necessary.

Q. How did he get it spread all over then ?

A. He advertised; he spent £200 or £300 a year and sometimes he claimed more.

Q. Did the local agents complain ?

A. Yes.

Q. What did you say to him about it?

A. I told him I though he ought to stop interfering with the local agents outside —that was a matter of opinion.

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Q. You are quite sure of that ?

A. Yes.

Q. Did you not write, I think it was to some people down at Bristol or Cardiff, calling attention to the fact that they had better be quiet or it might be the worse for them—I think I will produce your letter ?

A. There is no necessity discussing it, I have no recollection about that at all.

Q. Did you ever receive anything, directly or indirectly from the steamship lines for yourself ?

A. Me ?

Q. Yes ?

A. No, sir, never.

Q. You never did ?

A. I have had some favours from the Canadian Pacific Railway and the Allan and Dominion lines in ocean transportation.

Q. You mean passes ?

A. Not passes, but a reduced rate for my wife and family?

Q. Not for yourself ?

A. Well, I am entitled to a reduced rate as a government officer.

Q. Did you get a reduced rate ?

A. I have always got it from them—Oh, no, not the last time, I did not get it the last time, I got a reduced rate but not the government rate.

Q. Did you get a pass at any time from any of the companies for yourself?

A. I really cannot tell you; but I do not think it.

Q. You never made any reduction from your expense account on account of getting a pass?

A. If I got a pass it came off my account.

Q. Are you quite sure of that ?

A. I am quite sure of that.

Q. Well, I suppose the accounts will show ?

A. The accounts will show that.

Q. Will show that you travelled free?

A. No, but if I travelled free no account of mine will show that I charged the government for transportation.

Q. If you travelled free by a pass from the steamship company or any one else your account will show that you travelled free ?

A. Yes, I never charged the government one penny more than I expended.

Q. Do you know Mr. Marshall?

A. I do, very well.

Q. He is connected with the Elder Dempster line ?

A. Yes.

Q. Did you ever get anything from him in the way of a free pass or anything at all ?

A. I may have got a free pass for my family or myself from the Elder Dempster line—no, I do not think I ever travelled over the Elder Dempster line in my life.

Q. I do not want to know anything about your family ?

A. I want to be quite frank with you, Mr. Barker.

Q. Did you ever get a pass from the Elder Dempster line, from Mr. Marshall or from any one else in the Elder Dempster line?

A. I may have got a pass coming over here, but if I did I did not charge the government.

Q. Are you quite sure of that ?

A. Quite sure—I am quite positive about that.

Q. Can you account for so large a postage account, in connection with emigration, as $10,000 odd in one year for postage in your department?

A. Oh, yes.

Q. Is not that a very large sum, very excessive ?

A. Oh, it is large but I am quite satisfied that my accountant can produce vouchers for everything outside the petty postage. I may say that our accounts for postage have been for a considerable time in the form of the use of my signature, or my stamp and the post office furnish an account every month or three months to the department. The Auditor General will have them here, they will be in his office.

Q. I observe that Street and Company charged you with postage too ?

A. Yes, for the distribution of some special literature.

Q. For pamphlets ?

A. Yes, pamphlets.

Q. I see you paid $14,000 for your postage account for one season, that is all on emigration business ?

A. Absolutely so.

Q. $14,000 for one season ?

A. Absolutely.

Q. Was that in Great Britain largely ?

A. I think altogether, probably.

Q. Not continental work ?

A. No—well, I think at one time there were a few thousand, I could not tell you the number that were sent over.

Q. Is that since the syndicate ?

A. Yes.

Q. Was it a large amount ?

A. Really I could not tell you the amount of it, it seems to me it was a fairly large figure, but there was something specially printed under instructions and they were sent through Streets. You will find it all set forth in their account, the number of pamphlets and the receipts for the postage, and I think they produced a voucher from the Post Office Department for the postage.

Q. About the rent of the office, I see that the rent of the office for your department varied. One year it was $6,844, and the next year it was $6,208, can you account for that ?

A. I really could not, I fancy——

Q. You did not change your office ?

A. No, but I fancy this has been caused by the overlapping of the quarters. The quarter closes there on days like Lady Day and days like that—the 25th March and 25th June, and I think that will account for it.

Q. And there is the parish tax of $1,662 a year ?

A. Yes.

Q. What did that pay taxes on ?

A. I really could not tell you, it is in the rate bill.

Q. No officers have charged that on their own homes ?

A. Oh, no.

Q. There is no rent charged ?

A. Oh! the rent on my residence has been paid; that has been paid by the department I think for about three years, but there is nothing in the taxes or rates other than what is levied on the Charing Cross office.

Q. No taxes on your home ?

A. No taxes for my home, that is included in the rent, it is a flat.

Q. Why is your home called an office?

A. It is not called an office.

Q. Is it not included in that $6,800 for office rent ?

A. I really could not tell you except I see the account. The rent of my house or flat has been paid by the department for about three years.

Q. Has there been any question asked about that ?

A. There was a question asked in the House by Mr. Wilson.

Q. But in the department ?

A. I really could not tell you, it was paid by order of the Minister.

Q. By order of the Minister, your house rent was paid. Did you charge it as office rent ?

A. Certainly not.

Q. It went in as house rent?

A. Yes, the account is there in the name of Henry Lovett whose account goes in as a voucher to the department every quarter. There is no secrecy about it.

Q. I understand that in the Auditor General's Report it is charged as office rent ?

A. You will have to talk to the Auditor General about that.

Q. You were out here about a year ago, were you not ?

A. I was out here a year ago last November.

Q. About the time of all that trouble with these letters?

A. No, it was subsequent to that that the trouble occurred, but I was out again last November and stayed here until January.

Q. That is since the trouble about these letters ?

A. Quite so.

Q. I mean any letters between you and Mr. Ennis that this little disturbance has been about, two or three letters in February, I think and January.

A. That was when I came out in November of 1905, and I stayed here until the middle of January, 1906.

Q. Were these letters brought to the attention of the department ?

A. They were.

Q. Were they brought to the attention of the Minister ?

A. Yes, I mentioned it to the minister, but previous to that they had been sent by me to the Deputy Minister, I think, for the file.

Q. You had sent them personally to the deputy ?

A. To the deputy.

Q. And they have had the copies or the originals, copies I suppose have been in the possession of the department since November last.

A. I do not think there was any written record made outside of the conference, no written record made last November—I may be mistaken as to sending copies previous to that, I am not just sure on that point.

Q. But at some time you did send them ?

A. At some time I sent them.

Q. In November, or prior to November ?

A. Either since November or prior to November.

Q. But before the session ?

A. Before the session I think. That is not the copies of letters which were private and confidential and which you produced. I have not those.

Q. You never sent those to the Minister ?

A. I have not those letters, and have never been able to get copies of them until you produced them here.

Q. Did you inform him that there were such letters ?

A. I did.

Q. Did you inform the government that there were such letters ?

A. I did not inform every member of the government.

Q. You informed some members of the government ?

A. Yes, I think I can say some.

Q. Were you able to give them copies ?

A. No, I had not copies to give them.

Q. Did you tell them of the substance of the letters ?

A. Well, I really did not know what the letters contained, until you read them here. I had a general idea but that is all.

Q. And the government knew that the originals were in the possession of Lord Strathcona.

A. Well, some members of the government did, or that they had been in his possession.

Q. They had no reason to suppose they were not still there ?

A. I could not tell you what they supposed.

Q. You did not tell them they had been removed ?

A. I did not know from Lord Strathcona what he had done with them. The last I heard of them being in his possession was on the 18th of August when I gave him—up to a few hours before I delivered that letter of protest to his residence.

Q. Who suggested that a charter should be obtained for the syndicate ?

A. I really could not tell you.

Q. Where did you first hear the idea of a charter being obtained for them ?

A. Oh, it has been spoken of anyway almost from the beginning ; in fact I might almost say I thought they had some kind of an agreement or charter until the English matter arose, although at first their contract was made——

Q. When was that ? The last contract ?

A. The last contract, yes.

Q. And then ?

A. I learned they had not.

Q. Who suggested then that they should get incorporated ?

A. I really could not tell you.

Q. Did you ?

A. I did not.

Q. Are you quite sure of that ?

A. I am quite sure of it—I discussed it with them.

Q. With whom ?

A. With the manager, and when I learned then that they had not incorporation I certainly told them I thought for their own sake, it was better they should have it.

Q. Did you suggest the Island of Guernsey ?

A. I did not.

Q. Who did ?

A. Their solicitor, I suppose.

Q. Your son-in-law ?

A. My son-in-law, Mr. Alexander, is the solicitor.

Q. Did you take them to Mr. Alexander ?

A. No, I did not.

Q. You gave them a letter of introduction ?

A. No, I did not. I do not know whether I gave them his address—no I never had a card of his.

Q. You told them where to go ?

A. Quite so.

Q. And they went there ?

A. Yes.

Q. Did you discuss the question of their obtaining a charter with any one connected with the department ?

A. No.

Q. There was never anything in writing ?

A. No.

Q. Apparently it was your own suggestion throughout that they ought to have one ?

A. No, It was not my own suggestion, it was certainly their own, or at least it came out in conversation somehow or other that they had not one and that they wanted to get one and I said that I thought that they ought to be incorporated.

APPENDIX No. 3

Q. Did you consult Mr. Alexander, or did he consult you on the constitution of the company ?

A. No.

Q. Who suggested that his uncle should be one of the incorporators ?

A. I did not know his uncle was one.

Q. He is one, is he not ?

A. I do not know.

Q. What relatives of his are in the company ?

A. I really could not tell you, I see there is one of the name of Alexander, but I really do not know whether it is his brother or not. I cannot recall to mind his brother's Christian name.

Q. What relatives of Mr. Alexander are on the board ?

A. I could not tell you ?

Q. You do not know ?

A. No.

Q. Are there any students in his office, clerks in his office ?

A. I could not tell you, in fact I never saw the list until I got copies of the articles of association.

Q. So that although you knew that Mr. Alexander was forming a company, yet until this day, nearly twelve months after you have not had the slightest idea who the incorporators were ?

A. I do not just know that I catch your meaning.

Q. Since June, 1905, knowing that the company was incorporated you never had the slightest idea who the incorporators were ?

A. I saw a list of the incorporators when I first got the printed articles of incorporation, that was the first I knew, I did not know——

Q. When was that ?

A. It was some short while before my conversation with Lord Strathcona about it. Shortly before he came to me asking me to assist him to get the information, and I then made application to Mr. Alexander for another printed copy ; I had seen a printed copy previous to that time.

Q. When did you see that ?

A. I was just going to tell you—it must have been in the hands of Mr. Kohan, the manager of the company, and it may have been likely some weeks before that.

Q. Did you read that list ?

A. I read it, I suppose, oh, very cursorily.

Q. And you did not recognize the incorporators there as being Mr. Alexander's relatives ?

A. I did not notice the name of Alexander as one of the incorporators, until later on.

Q. Were you not in any anxiety, a little curious to see how they managed it?

A. No, I was not.

Q. You were not ?

A. No, I was not.

Q. You saw Pfeifel was there?

A. No, I do not think he is there, but if he is I have not observed it.

Q. You saw that it was incorporated by two attorney's clerks and a couple of gentlemen, one of them an uncle of Mr. Alexander, and another, also a relative?

A. I really paid no attention to it whatever.

Q. You were absolutely indifferent in the matter ?

A. It was none of my business, and, as I say, it only casually came into my hands by seeing one of the parties with it.

Q. I suppose you did not want to know, is that it ?

A. No.

Q. It was simply indifference ?

A. It was simply indifference, I do not know that it was any of my business anyway, and I would hesitate from motives of delicacy to discuss any of Mr. Alexander's clientele with him at any time.

Q. As a matter of etiquette you will keep your mind or keep your eye shut and as a matter of delicacy you did not want to discuss the matter with him ?

A. No, I simply casually looked at it.

Q. That is your explanation ?

A. Quite so.

Q. Do you recollect the exact date of the charter.

A. No, I do not.

Q. Was it the third of June, 1905 ?

A. I really could not tell you.

Q. It is on the charter ?

A. It is on file, I suppose, I gave Lord Strathcona a copy of it.

Q. You gave him a copy of it ?

A. Yes, I gave him a copy of it.

Q. In the agreement it is written this way, it winds up : 'In witness whereof the corporate seal of the company has been affixed hereto, and this agreement has been signed by the manager and secretary of the company, and has been signed and sealed by the Minister of the Interior, on behalf of the government.' You observe there it is formally shown how it has been signed and sealed by the company and the company is described here in the agreement as 'the North Atlantic Trading Company of Amsterdam, Holland, a body corporate and politic, hereinafter called "the Company" of the second part.' I suppose there is no doubt when these words were written the company was in existence ?

A. I suppose the company was in existence.

Q. But the agreement at the head bears the date November 28, 1904, seven months and more prior to the charter.

A. I never saw the agreement until the manager of the company brought it over with some papers to London a short while before I came out here and I was pressing him for the names at the time.

Q. You do not know how that happened ?

A. I never saw the agreement, Lord Strathcona had it and I had told him two or three times I had not seen it and would like to see it.

Q. You cannot explain how this agreement bearing date in November, 1904, is sealed by a company created seven months afterwards ?

A. I have no knowledge of it at all, it is a departmental matter.

Q. Did you ever represent this company as an incorporated company in the early days ?

A. I would not be surprised if I had so represented it to the department but my correspondence will show. I was under the impression they were incorporated in some form.

Q. Did you not in your letters, did you not at times call them a syndicate of booking agents ?

A. I did, yes.

Q. Would you speak of them in that way if they were incorporated ?

A. I think I would.

Q. You sometimes call them a syndicate of booking agents and sometimes speak of them as an incorporated company ?

A. I do not know that I ever spoke of them in my correspondence as an incorporated company but I have referred to this company as 'The Continental Company,' the 'North Atlantic Trading Company' and 'The Syndicate.'

APPENDIX No. 3

By Mr. Foster:

Q. And the Trans-Atlantic Company ?

A. I think that was the first name they selected which was afterwards changed, now that you speak of it, they found another company called itself the Trans-Atlantic Trading Company doing business at Amsterdam. I think I am fairly clear on that point.

By Mr. Barker:

Q. That is all I have to ask the witness at present. I shall have some other questions to ask him after Mr. Jury and Mr. Griffith have produced certain documents.

By the Chairman:

Q. Mr. Preston, did you appear at any time in Woolverton, in England, to urge the people to come out to Canada ?

A. No.

Q. Did you at any time address a club called the Wolverton Workingmen's Club, in Bucks, England ?

A. No.

Q. Or address any club or any number of people there in a meeting at that place ?

A. No.

Q. In connection with emigration ?

A. No.

Q. I may say I am asking these two questions because I am in receipt this morning of a letter which is partly anonymous, and partly not, it is signed, and it is addressed to the Chairman of the Public Accounts Committee and is signed 'a victim.' The gentleman who wrote the letter gives his address below but says his name is not to be published in any way. In justice to him I should say the statement is made in this letter that Mr. Preston came down to a large railway centre and addressed hundreds of mechanics in the Woolverton Workingmen's Club in Buckinghamshire in reference to emigration, no doubt on lines of the Canadian Manufacturers' much more than in the proper line, namely, of men for farm work. Perhaps it is fair to both the writer of the letter and Mr. Preston that I should read that.

A. I never addressed a meeting of that kind either in England, Ireland, Scotland or Wales. I was never asked to.

By Mr. Foster:

Q. Do you know of any one there who looks like you?

A. I never knew of any one over there, there are a few on this side of the water perhaps. Nothing of the kind suggested occurred.

By Mr. Gervais:

Q. Are you ready to swear that all the payments mentioned in all the vouchers were properly made ?

A. That has been already asked and answered.

Q. Do you swear that all payments mentioned in the vouchers shown to you this morning, were made in settlement of past due accounts for work already done and goods already delivered ?

A. Quite so.

Q. Does the fact that Mr. Leopold endorsed some of those cheques mean anything else than that he was the last holder in due course of business for purposes of identification or any other purpose ?

A. I would imagine that was the reason, I know of no other reason.

Q. You know of no other reason ?

A. No other reason.

Q. It is a very usual thing that some gentleman passing by has endorsed a cheque for purposes of identification ?

A. It is very often done.

Q. Do you know that it is usual in Montreal and other large cities for merchants and gentlemen who wish to have some advertising done in the newspapers to employ newspaper agencies to reach the newspaper editors instead of doing it directly in the newspaper offices ?

A. It is done in the old country, I know, the newspaper advertising agency is a very large business.

Q. Do you know the McKim Newspaper Agency, having offices in Montreal and Toronto, is doing lots of advertising for the merchants of Montreal and Toronto ?

A. I am not aware of it, I have no knowledge of it.

Q. You are aware of such an agency doing business in Montreal and Toronto ?

A. I have heard of the agency, but only in a general way.

Q. Do you remember how much was paid per head for emigrants by Mr. Pope when he was Commissioner of Agriculture twenty-two years ago ?

A. I could not tell you without looking it up.

Q. Is it not a fact that he had paid $5 a head on emigrants to a gentleman from Belgium, a relative of Prince Caraman Chimay ?

A. I really could not tell you, but I think according to the records in the department $5 was the amount paid for continental emigrants.

Q. That amount was paid to anybody ?

A. To anybody.

Q. Who would send Canada those emigrants ?

A. Quite so.

Q. And that amount has been paid to that gentleman in Belgium as far as the documents in the commissioner's office show ?

A. It was paid for sixteen years before I went over to Great Britain.

Q. Do you know if the English Companies Act of 1900 operates in Guernsey ?

A. I really do not.

Q. Do you know that as a matter of fact the English Companies Act does not operate outside England, Ireland and Scotland. Do you know as a matter of fact that the legislation in Guernsey, the Isle of Man and Jersey are quite different from that in England ?

A. I have been told so.

Q. Is not that the reason why the incorporation has been sought for in this little Island of Guernsey by companies ?

A. Hundreds of them are incorporated there.

Q. Is not Guernsey the Mecca of European incorporators, as the state of New Jersey is the Mecca of American incorporators here ?

A. Yes, in a general way.

The Committee adjourned.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
WEDNESDAY, May 30, 1906.

The Select Standing Committee of the House of Commons on Public Accounts met this day at 10.30 o'clock, a.m., Mr. Belcourt in the Chair, and proceeded to the further consideration of the accounts of the North Atlantic Trading Company, as set out at L—26 of the report of the Auditor General for the fiscal year ended June 30, 1905.

Mr. W. L. GRIFFITHS, London, England, called and sworn and examined.

(Witness produced certain documents).

By Mr. Gervais :

Q. Will you please tell the Committee where you got these papers in this file ?
A. These are the papers which,———
Q. You had them marked ?
A. ———which I was summoned to produce.
Q. Letter 'A' ———
A. Will you allow me to explain. All these things are numbered, every page is numbered, and there is an exact duplicate of these papers in the High Commissioner's possession.
Q. You must mark them some way 'A,' 'B,' 'C,' and so on. How many series of documents are you filing ?
A. I will read them to you if you like.

By the Chairman :

Q. You might put it this way : 'I produce a number of documents collected in several parcels, seven in number, and marked respectively A to G inclusively' ?
A. Each parcel of papers is distinctly marked outside and it might be well to specify what they are.
Q. They are bundled together, seven parcels, marked A to G inclusively ?
A. Yes.

By Mr. Gervais :

Q. Will you tell the committee where you did get these papers ?
A. These were copied from the files in the High Commissioner's office.
Q. How did you get possession of these papers ?
A. They were on the High Commissioner's file—simply copied from the files in the High Commissioner's office.
Q. Under whose authority did you do that ?
A. Under Lord Strathcona's authority. When I was summoned here I showed to Lord Strathcona the cable from this committee which summoned me, and these copies were made under the direction of the High Commissioner.
Q. Do you mean to say that the seven parcels of documents which you are now filing before this committee are copies purely and simply and exclusively of documents on file in the High Commissioner's office in England ?

A. That is the position, yes.

Q. Is there any part of the correspondence between Mr. Preston and Mr. Ennis in the seven bundles of papers you are now filing ?

A. Not that I am aware of. You see this correspondence took place, a good deal of it, many years before I came to the High Commissioner's office, and I have only a very general knowledge of a portion of it.

Q. Have you any more correspondence bearing on this case, on this investigation, in your possession now ?

A. I brought all the correspondence which I was requested to bring.

Q. Are you not in possession of other kind of correspondence, or any letter, document and so on, bearing on this investigation ?

A. I am in possession of no document outside within the terms of the cable bearing on this matter.

By Mr. German :

Q. It has been alleged by Mr. Preston that certain documents, letters, correspondence were got out of his possession improperly. Does that file that you are producing here contain copies of any of those letters ?

A. I presume that you refer to the Ennis letters ?

Q. Yes.

A. No:

Q. They don't?

A. No.

Q. Do you know how those Ennis letters came to get into the possession of Lord Strathcona ?

A. Yes.

Q. How ?

A. First of all, Mr. Jury came to me and placed copies of those letters in my hands. I took legal advice as to the matter and I was informed by my legal adviser that so far as the High Commissioner was concerned there was no privilege in those letters, and that my duty was to hand those letters to Lord Strathcona—those copies. I immediately did so. Lord Strathcona then raised the question as to how the letters or copies of letters came into Mr. Jury's possession. I told him that I did not know, and he thereupon directed me to write to Mr. Jury and ascertain. I did so, and Mr. Jury's reply was handed by me to Lord Strathcona, and it is the letter which has been cabled for.

By the Chairman:

Q. That is the three-page statement ?

A. That is the three-page statement.

By Mr. German:

Q. And you read or saw the contents of the letter from Jury ?

A. I saw the contents of it.

Q. I suppose your recollection of the contents agrees pretty well with what Mr. Preston has stated here ?

A. It is a long letter and it is a good while ago now.

Q. But speaking generally as to its contents ?

A. The letter will be forthcoming and can speak for itself.

Q. From your own recollection would you say that you agree fairly well with Mr. Preston's recollection of the contents of the letter ?

A. I do not remember precisely what Mr. Preston said, but the letter is coming.

Q. Did you write a letter signed by you as secretary of the High Commissioner to Mr. Ennis asking him to forward the original of the Preston letter to you ?

A. I have just told you that I placed these copies in Lord Strathcona's hands which were handed to me by Mr. Jury. Then subsequently Lord Strathcona said that he could take no cognizance of copies of letters, and I went down to Liverpool, saw Ennis, and I wrote the letter which has been put in evidence asking Mr. Ennis to hand me the letters for transference to Lord Strathcona.

Q. And had you or had you not been requested by the High Commissioner to write as an official of the department for this letter ?

A. I accept full and absolute responsibility for writing that letter. The conditions were such that there was a proposal to do something contrary to the instructions of the Government, and something which is inimical to the interests of the Government, and I felt perfectly justified in taking the course which I did. For that course I am answerable to my chief, and I may say that if I had to do the thing over again I would adopt almost precisely the same course that I have taken.

Q. Have you any other letters in your possession written by Mr. Preston, private or semi-private or otherwise, which were obtained from his possession in any way.

A. None whatever, never saw any, never had any, none whatever.

Q. Excepting the letters——

A. Excepting the Ennis letters.

Q. Excepting the Ennis letters. Now, would you state to the Committee what it was that first started this difficulty over there. There appears to have been a lot of difficulty in connection with immigration matters over there with you officers of the Government. What was the cause of the difficulties ?

A. Well, these difficulties generally arise in trivial ways. They are built up on many circumstances. I do not think it would be very edifying to go over all these things.

Q. I think we should know why the officers of the Government in London are quarrelling continually and accusing each other of stealing letters. Is it true, as stated by Mr. Preston that accounts were put in by yourself say, leaving Mr. Jury to himself, by yourself showing charges for railway fares which were first-class charges when as a matter of fact you were only travelling third-class ?

A. These charges are untrue. I always travelled first-class except when I charged third-class, and some time after I got to the old country I travelled third-class and charged third-class, and when I charged for first-class, I travelled first-class.

Q. Then the statement that you put in an account for first-class railway carriage when you travelled third-class is not correct ?

A. It is not correct.

Q. At any time, on any occasion ?

A. Well, I would qualify that to this extent, that it might be once or twice, certainly not more, for some special reason I might have travelled second-class, and it is possible I might have charged first, but I would, however, say that it was not more than once or twice.

Q. Did you show to any member of the Canadian Parliament in London any correspondence or copies of correspondence which had been obtained from Mr. Preston's files ?

A. I showed a copy of the Ennis letter to Mr. Turriff when he was in London last year.

Q. And he was the only one ?

A. He was the only one.

Q. Then it was only the Ennis letters ?

A. It was only the Ennis letters.

Q. We are to understand that the Ennis letters as far as you are concerned, are the only letters of Mr. Preston that you had in your possession, that is what you say ?

A. Absolutely.

Mr. BARKER.—I said yesterday that I wanted to ask Mr. Preston some other questions but not until I had read the papers which have been produced by Mr. Griffith now, and which I have not yet seen.

Mr. PRESTON'S examination resumed.

By Mr. German:

Q. I would like to ask Mr. Preston this question for my own satisfaction and for the satisfaction of the Committee. You stated yesterday and also on a prior occasion that it had been the policy, not only of this government but of the previous government for many years to pay the continental booking agents 20 shillings for each emigrant, which they booked for Canada ?

A. Agricultural and domestic.

Q. Agricultural and domestic. Was there any age limit on the payment ?

A. Sixteen years, I think, was the limit, above that they were adults.

Q. And how long had that been going on ?

A. About 16 years with a brief intermission respecting one class of emigrants, I think, in 1899 or 1900.

Q. During that time, had the government been paying all expenses connected with the distribution of emigration literature ?

A. Quite so.

Q. Can you make up a statement and furnish it to the Committee, of the number of emigrants, say, for a period of five or six years prior to this agreement ?

By Mr. Gervais:

Q. Say for the last 25 years ?

By Mr. German:

Q. That came to Canada from continental Europe, and the cost to the government per head for those emigrants ?

A. That could be done.

Q. Can you do it ?

A. I can do it out here with the aid of the department.

Q. Will you do it, and furnish the Committee with that information?

A. I shall be pleased to.

Q. This agreement was entered into with the North Atlantic Trading Company, you have already stated, that that syndicate or company was composed of continental booking agents ?

A. And brokers, I think, there were probably brokers in it.

Q. Were these the same continental booking agents who had been in the habit of receiving 20/ per head for emigrants sent to Canada prior to that ?

A. Some of them I know had.

Q. To what extend in number ?

A. Oh, a very limited extent.

Q. That is only a very few of the booking agents who received 20/ per head, were members of this syndicate.

A. No, I could not say that. Perhaps I misunderstood you. The opportunity for earning 20 shillings per head was open to all booking agents, all of them.

Q. How many of those went into this syndicate ?

A. Well, I would hardly care about saying for reasons that are obvious.

Q. You do not care to say ?

A. No.

Q. Well, I cannot myself see the obvious reasons, or that they are clear. However, since that company or syndicate was formed, has the government been paying anything towards the circulation and distribution of emigration literature on the continent ?

A. I think under the first agreement they were to contribute £500, and under one of the subsequent agreements for the purpose of carrying on a special propaganda, at least with a view of getting a very special propaganda carried on in Scandinavia, the department made a grant, I think, of £750 for a certain period ; that is as near as I can get to it, but the agreement shows.

Q. And then, after the agreement was entered into, instead of the government paying 20 shillings to various booking agents, the whole of that money went into one fund for the benefit of the syndicate or company ?

A. Quite so.

Q. Can you also prepare and send in for the information of the Committee a statement of the number of emigrants who have come to Canada, from Continental Europe, since the agreement was entered into and the cost per head of those emigrants?

A. I can.

Q. Will you do that ?

A. I will do so.

By Mr. Fielding:

Q. With regard to this arrangement with the booking agents, before the contract with the North Atlantic Trading Company, was there anything in the arrangement which compelled the booking agent to go out and canvass his emigrants ?

A. Nothing was required, no effort on his part whatever.

Q. Was it necessary to prove that he had been instrumental in seeking these men who came to Canada ?

A. No, sir.

Q. Was it just that the man who went to that booking agent and bought a ticket from him was treated as the property of that agent and he was allowed the bonus accordingly ?

A. Quite so.

Q. So that under the old arrangement there was no identification by the booking agent required, no canvassing work or anything else ?

A. Not as being instrumental in securing the booking of any particular emigrants.

Q. Every man who went to that office and bought a ticket though the booking agent had never seen him, or he had never heard of the booking agent before, upon that man the booking agent was entitled to a bonus ?

A. If he came of one class.

Mr. Hughes (Victoria):

Q. Under the contract with the North Atlantic Trading Company, if an emigrant comes to Canada, if he lands here, whether he ever saw an agent of the company or not, it is just the same, the bonus is paid?

A. Yes, the accounts are made up in both cases.

By Mr. German:

Q. Did I understand you to say there was one class of emigrants which were not embodied in the general scheme ?

A. No, previous to the agreement being made, the bonus was dropped on what was known as Galicians, for, I think, a few months, but it was then put on again.

By the Chairman:

Q. Under the old system was there the same distinction made that is made under the contract ?

A. Quite so.

Q. There was the same distinction ?

A. Quite so, only agriculturists and domestics.

By Mr. Barker:

Q. Was not the amount that was paid to the agent to procure an emigrant an inducement for him to work ?

A. It is a question; it was supposed to act that way.

Q. That was the object of it ?

A. Yes.

Q. Did you not find that a payment made directly to the man, the agent, was about the best inducement to him to work ?

A. I found, as I explained in my——

Q. Answer that question, please ?

A. I did not find it so.

Q. You did not ?

A. No.

Q. You think that the man who received pay direct for every emigrant that he gets is not so likely to work as he is under the syndicate arrangement?

A. It did not work that way.

Q. But the syndicate gets paid on all emigrants whether they procure them or not ?

A. Quite so.

Q. And in the other case, the man gets the result of his own labour ?

A. Quite so.

By Mr. Fielding:

Q. What proof was there that there was any labour in either case ?

A. None whatever.

Q. When Mr. Barker says they get it as the result of their own labour, there is nothing to show that ?

A. There is no evidence asked for, nor any evidence furnished.

Q. Only that the man stepped into the office and bought the ticket ?

A. That is all.

By Mr. Barker:

Q. Do you mean to say that under the old system a man could collect £1 by saying that he sent such and such emigrants ?

A. No, he had to give the name of the emigrant, the ship by which the emigrant sailed and the number of the ticket that was issued, and it was certified to on this side. But in order to make it more plain perhaps you will allow me to explain. Now I found on looking into the question—

Q. Just stop now, I want your answer to my questions, you are giving the means the department took to ascertain that the agent was entitled to the bonus ?

A. Quite so.

Q. I suppose if the department wanted further information it was their right to get it. They were not obliged to pay one pound until satisfied that the agent was entitled to it ?

A. They could do so at any time I suppose, but no question of that kind arose and they paid it.

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Q. Then the department took such means as they thought fit to ascertain that a man was entitled to £1 before they paid it.

A. The schedule showed it.

Q. Is it the case that the department took such means as they saw fit in order to satisfy themselves that the man had procured the emigrant ?

A. That he had booked, not procured the emigrant.

Q. But whatever they thought necessary they were entitled to call for ?

A. I do not think there was anything of that kind.

Q. I am asking you the question whether they were not entitled ?

A. I was not in the department at that time.

Q. Was there any limitation at all in the department as to what they would require in the way of evidence ?

A. Not that I know of.

Q. Do I understand you to say that the same people who had been receiving £1 per head under the old practice went into the syndicate?

A. Yes.

Q. How many ?

A. I could not tell you now.

Q. Do you know ?

A. I think I can make it up.

Q. Do you know?

A. I say I think I can make it up.

Q. Are there some hundreds in the syndicate ?

A. No, I do not suppose there are, but I cannot answer the question, Mr. Barker.

Q. We will see about that ?

A. Very well.

Q. Are there twenty ?

A. I could not tell you.

Q. Do you know ?

A. No, I do not.

Q. Are there ten, to your knowledge ?

A. I would say there were.

Q. You would say there were ?

A. Yes.

Q. Altogether in the syndicate ?

A. Oh, yes, I am quite sure there are ten.

Q. Are there twenty altogether in the syndicate ?

A. I would not be certain.

Q. Somewhere between ten and twenty you have in your mind?

A. I would not be certain.

Q. How many of that twenty had been engaged in the immigration business receiving £1 per head under the old system ?

A. I could not tell you how many had been receiving £1 per head under the old system.

Q. How many ?

A. How many of them ?

Q. Do you know of one ?

A. Oh, yes, I do.

Q. Do you know of two ?

A. Oh, yes, I know several.

Q. Several of those men who formed the syndicate were people who had been working under the old system?

A. I believe so.

Q. Were they booking agents, of the booking agent class ?

A. I believe so.

Q. And are they still in the syndicate ?
A. I am not prepared to answer.
Q. You do not know ?
A. No, I will not say that.
Q. You do know?
A. I will not say that.
Q. Do you know ?
A. I will not say that.
Q. Do you mean to tell me you do not know ?
A. I have not said anything of the kind.
Q. That is what I ask you?
A. I have not said so.
Q. Do you know ?
A. I have not said so.
Q. Do you know, sir?
A. I decline to answer that.
Q. Do you know that any of those who formerly obtained emigrants at £1 per head are now in the syndicate ?
A. Yes, I do.
Q. How many ?
A. I decline to answer.

Mr. BARKER.—Mr. Chairman, I asked you to say whether that is a proper question or not.

The CHAIRMAN.—It is a proper question, I suppose.

Mr. BARKER.—Is that a proper question—how many of the old people who were on the old system are now in the present syndicate ?

The CHAIRMAN.—It is a proper question but if the witness refuses to answer I do not see how you can compel him.

Mr. BARKER.—You say that is a proper question, Mr. Chairman. Will you direct the witness to answer?

By the Chairman :

Q. Are you prepared to answer the question ?
A. I am not. I cannot under the pledge I have given with the authority of the department under the contract.

Mr. BARKER.—I ask you, Mr. Chairman, to direct the witness to answer the question.

The CHAIRMAN.—Are you prepared to answer the question ?

The WITNESS.—I am not, Mr. Chairman, I cannot under the pledge I have given with the authority of the department and I am not going to break it.

Mr. BARKER.—I now ask, Mr. Chairman, that you do direct the witness to answer that question which you have ruled is a proper question. I want your decision, If you say you will not, I will appeal to the Committee.

The CHAIRMAN.—I have done that.

Mr. BARKER.—No.

The CHAIRMAN.—How many times must I do it.

Mr. BARKER.—I want you now, Mr. Chairman, to direct the witness to answer that question.

The CHAIRMAN.—You have heard the question, Mr. Preston, will you answer it ?

The WITNESS.—I cannot do it in view of the pledge I have given. It leads up to the same thing. I have given a pledge under the authority of my superior officer and I do not think it is fair for the Committee to ask me to break my word of honour either with a company or an individual or anybody else. I am not prepared to do it.

Mr. BARKER.—You have not yet directed the witness to answer the question, Mr. Chairman ?

The CHAIRMAN.—I have, Mr. Barker.

Mr. BARKER.—Well, I think not.

The CHAIRMAN.—I rule that I have, and if you think that I have not you can appeal to the Committee.

Mr. BARKER.—You have simply asked the witness to answer the question.

The CHAIRMAN.—I have asked the witness to answer the question,—it is the same thing.

Mr. BARKER.—Well I do not think the witness understands it that way.

WITNESS.—I quite understand it that way.

The CHAIRMAN.—I think every member of the committee understands me.

By Mr. Barker :

Q. Mr. Preston as the Chairman has requested you to answer that question, will you now answer it?

A. I cannot do it for the reason I have given you.

Q. When you say you cannot do it, do you mean you will not do it ?

A. I will not do it for the reason that I have given you.

Mr. BARKER.—Mr. Chairman, I move that the question I put to the witness, and your ruling thereon, your request to the witness to answer and the witness's refusal to answer be reported to the House.

Motion adopted.

Examination of Mr. Preston continued.

By Mr. Turriff :

Q. In reference to the bonus of 20 shillings per head under the old system did I understand you rightly to say that supposing a man with a family of five went to a booking agent and the booking agent had never seen him before, had never canvassed him, had never done any work whatever to induce him to come to Canada, but this man went and bought six tickets from that booking agent, would that booking agent get £1 per head just the same as if he had gone out into the country and advertised and spent money in getting those emigrants?

A. He would be entitled to the bonus and would undoubtedly receive it.

Q. Exactly the same as the North Atlantic Trading Co. ?

A. Yes.

Q. So that it was the same under the old system as under the present North Atlantic Trading Company's system ?

A. In every respect, except that under the new system claims are not made from the other side but claims are made up here by the departmental officer from the arrivals at our ports.

Q. The point I wanted to make here was that the booking agent that sold the tickets received £1 per head irrespective of the fact whether he did anything whatever to induce those emigrants to come to Canada?

A. Quite so.

By Mr. Foster :

Q. I have a question I think with reference to the booking agents previous to the arrangement of 1899, under which they received one pound per head, were there any conditions or regulations during any part of that sixteen years, conditions which should be fulfilled by these emigrants in Canada before the one pound per

head was paid to the agent ? That is, were they obliged to show themselves in the Northwest before it was paid ?

A. You are right, I think they were only immigrants to Manitoba and the Northwest.

Q. Yes. And it had to be ascertained by the department here and its officers, or they had the right to ascertain whether these immigrants for whom the one pound was claimed actually settled in Manitoba and the Northwest or not?

A. I think the same thing applies now to the other provinces, the same general principle.

Q. With reference to the North Atlantic Trading Company, when their immigrants of the same class cross the ocean, the list is made up at the ports of entry, isn't it ?

A. The general list is made up at the port of entry.

Q. And under the contract they have the right to five dollars per head for every one of that class from those countries who enter at the Canadian ports ?

A. Oh, no, I think the same general principle applies here as heretofore regarding settlement.

By Mr. Gervais:

Q. The same as heretofore ?

A. Yes.

Q. Since 1880 ?

A. I have seen some lists whereon those were checked off who had passed through Canada and gone to the United States.

By Mr. Hughes (Victoria):

Q. Is there anything that requires the immigrants coming out under this Trading Company to settle on farms, is there any evidence to show they settle on farms ? Suppose an immigrant lands at St. John and comes on to Ottawa and works here as a labourer after giving in his name at St. John as a farmer, the company draws the bonus on him does it not ?

A. Oh, no.

Q. How is it fixed ?

A. The officers of the department here have that in charge? I think you will find that they have a very rigid inspection of the lists and of tracing people before any accounts are made up.

By Mr. Gervais :

Q. Up to the place of settlement ?

A. No, I think they really go——

By the Chairman:

Q. To the port of entry ?

A. Beyond that. In the settlement of the accounts they eliminate those whom they find not to be agriculturists or going into the classes referred to, and also those who do not settle in the country.

By Mr. Hughes (Victoria):

Q. Mr. Smart's evidence stated that they did not trace them to the farm ?

A. I think Mr. Blair in the department has charge of that particular work, and that is what he told me. I only got it second hand from him. I think he could give you extensive information on that.

Q. Is he in Canada now ?

A. I think he is. He is one of Mr. Scott's officers and I think has that particular work in charge.

Q. Did he go to England recently ?

A. Yes.

By Mr. Foster:

Q. If you will refer to the contract, you will find that paragraph four of it is this: 'For the service to be rendered by the company the government shall pay to the company in accordance with the terms of this agreement a bonus of one pound for each man, woman and child of the agricultural class and for each girl of eighteen years of age or over of the domestic servant class, arriving in Canada from any of the countries above named other than Switzerland or any countries added to the agreement as aforesaid, and for each person of the German race arriving in Canada from Switzerland.'

That is one of the terms of the contract entered into between the company and the department ?

A. You will find the departmental officers give it a much broader meaning than that.

Q. I do not know what they do. These are the terms of the contract.

A. I cannot tell you, it is not in my purview at all.

Q. Under that contract don't they get the payment of five dollars for every one of this class from these countries who land in Canada ?

A. I cannot tell you. The department construe it.

Q. That is the plain terms ?

A. The department will have to tell you about that.

By Mr. Hughes (Victoria):

Q. In answer to Mr. Turriff, who asked about a family of five coming here you said the booking agent would be entitled to the bonus of five dollars on each person in the family, under the old rule would that apply to children under eighteen ?

A. I think it was under sixteen, that they came in as minors. Under the present contract they come in as minors at twelve.

By Mr. Turriff:

Q. Under the old system, if I remember it rightly, the proof that the department required was that the immigrant arrived in Canada ?

A. Quite so.

Q. Or in the Northwest ?

A. Quite so.

Q. And as soon as the ticket was lifted or collected at the end of the journey and returned, that was the proof that the immigrant had arrived there, and the bonus was paid ?

A. Yes, that was the way it was done, I understand.

Q. So that, under the old system the immigrant might arrive in Winnipeg, the ticket collected, the bonus paid, and he might cross into Minnesota the following day and the booking agent would get the bonus just the same ?

A. Apparently so.

By Mr. Hughes (Victoria):

Q. Mr. Smart says it is under twelve. I do not know just what the old law was, but Mr. Smart says that if a child were born on shipboard the company would probably be entitled to a bonus upon it.

A. I do not know anything about it. I have never been there. These things are done here, not in London. On the other side of the Atlantic we have absolutely nothing to do with making up the accounts.

By Mr. Gervais:

Q. For how many years has the Government of Canada been paying bonuses for immigrants ?

A. Twenty-three years.

By Mr. Foster:

Q. Under the first arrangement that was made by you, based upon the letter of October 20th to you by the Trans-Atlantic Trading Company and your acceptance of that, dated at Berlin, November 4th, 1899, the following occurs, their proposition is:— 'That we' that is the Trans-Atlantic Trading Company, 'shall receive from the Government upon all immigrants from these countries for Manitoba and the Northwest Territories over twelve years of age, as registered at the ports of Halifax St. John, Quebec and Montreal, via those ports, or via Portland and New York in the United States, the sums which were to be paid as head money.' That occurs in your first agreement of 1899. You are cognizant of that ?

A. In a general way. I could not give the details of it now.

Q. It is your letter.

A. Yes, but I have not seen the letter—I saw it yesterday.

Q. And you answered favourable to their proposition ?

A. Very well.

Q. And I take it from that, that was a part of their first arrangement ?

A. I would judge so.

Q. In the second arrangement, your contract that was made, the terms of which I have read, Manitoba and the Northwest does not appear ?

A. No, all the provinces——

Q. In the place of that there does appear an express provision that five dollars per head shall be paid to the company for every one from these countries of the class mentioned who shall arrive at a port in Canada ?

A. It is rather interpreted, as I understand it, settling in the older provinces as well.

Q. Do you not know as a matter of fact that five dollars per head has been paid on immigrants to the North Atlantic Trading Company who have come into Canada either at Halifax, Quebec or Montreal whether they settled in one part or another part ?

A. Do you mean as to whether they settled at all or not ?

Q. As to whether they settled in the Northwest, Manitoba or any other part ?

A. I do not know that I just exactly catch your meaning.

Q. Don't you know as a matter of fact that these immigrants have been paid for at the rate of five dollars a head without any condition at all that they should go to Manitoba or the Northwest and settle there ?

A. The contract provides that the Government shall pay for those settling in the other provinces as well.

Q. The contract does not provide as it exists to-day that they shall settle in any province.

A. That they shall settle in Canada.

Q. It does not provide that they shall settle in Canada—will you show the Committee ?

A. I cannot do that. This (referring to document) is the old contract. The departmental officers take that action here. I have nothing to do with it.

Q. What do the contracts call for ?

A. I have nothing to do with the making up of the accounts.

Q. What do the contracts call for, you have them there ? The question I want to put to you is this: Do the contracts call for any settlement in any part of Canada, or is settlement in any part of Canada a condition to the payment of five dollars to the North Atlantic Trading Company ?

A. As it works out——

Q. As the contract is ?

A. I cannot interpret the contract. You must interpret the contract yourself.

Q. You can read ?

A. I can read.

Q. You have the contracts there ? You claim the credit of making the contracts ?

A. No, I do not. I assisted in making the first.

Q. You assisted in making them ?

A. That was all I had to do with them. What clause is that Mr. Foster ?

Q. Clause 4, in the first page there, you will find it there right under your hand.

A. Clause 4 reads :—

'For the service to be rendered by the company the government shall pay to the company in accordance with the terms of this agreement a bonus of one pound for each man, woman and child of the agricultural class, and for each girl of eighteen years of age or over of the domestic servant class, arriving in Canada from any of the countries above named other than Switzerland, or any of the countries added to the agreement as aforesaid, and for each such person of the German race arriving in Canada.

Q. You find no conditions for settlement in the Northwest?

A. No.

Q. Nor in Manitoba ?

A. No.

Q. Nor of any other part of Canada ?

A. No, but the department is working it out——

Q. Will you take the first proposition, the first letter there, the proposition made to you by the Trans-Atlantic Trading Company ?

A. It bears evidence of it, it is not the original. I cannot tell you.

Q. Was that accepted by you ?

A. It was accepted by the department.

Q. As according to your letter following ?

A. I fancy so.

Q. What was the condition with reference to the payment in that proposition which you accepted ?

A. That the company should receive a bonus from the government upon all emigrants from those countries for Manitoba and the Northwest Territories over twelve years of age as registered at the ports of Halifax, St. John, Quebec and Montreal, via those ports, or via Portland and New York in the United States.

Q. There is no other condition of settlement outside of entry, they must go to Manitoba or the Northwest ?

A. After arrival, yes.

By Mr. Turriff:

Q. As a matter of fact, in working this out, does the department pay bonuses on any who come from those countries who do not settle in Canada ?

A. Upon one occasion I was authorized by the department to endeavour to effect a settlement of some disputed accounts, and the department furnished me with a considerable list or number of those who had passed through the country and were therefore not entitled to the bonus. I may go further, you will find the department does not pay for those who do not settle ; I am quite sure of that.

Q. And the department here makes up a list on which they pay, so that any immigrant arriving from any of these countries expresses his intention of not settling in Canada, his name would not be on that list that would be paid?

A. I would say not.

Q. About what proportion of the immigrants coming from those countries has the department paid a bonus on of the total arrival from those countries ?

A. I think about twenty or twenty-five per cent, in round figures.

Q. I think it is about thirty-three and one-third per cent; I heard it stated by another witness ?

A. The officers here know, I do not know.

Q. As a matter of fact the government is only paying on about one-third the immigrants who arrive from those countries under the contract with the company ?

A. The officers here know, I do not know.

By Mr. Foster :

Q. You were asked to state that the bonus was paid on about one-third of the total number of immigrants coming from those countries. You said you thought it was about that ?

A. I think it is about twenty-five per cent, but I may be wrong.

Q. The question I want you to answer is this, of those who come under the classes on which the five dollars per head can be paid, can be demanded and paid on, what proportion of those who arrive in Canada is the bonus of five dollars per head paid on ?

A. I cannot tell you.

Q. Under the contract the company has the right to demand for that class five dollars per head on every one who arrives in Canada ?

A. I would not want to acknowledge that.

Q. You have just read——

A. I have read it, but it is not so interpreted.

Q. You are a lawyer ?

A. No, I am sorry to say——

Q. But you can criticise a very eminent and learned lawyer in London?

A. Laymen sometimes take liberties.

Q. Wouldn't you take liberty now and tell us what you think that means ?

A. I am only telling you how it is interpreted here.

Q. I am not talking about the interpretation, I am asking about the meaning of the contract.

A. If I was Minister of the Interior I would not allow them payment upon those who did not settle in the country.

Q. Upon what ground would you base that ?

A. On general principles.

Q. On general principles ?

A. Yes.

Q. Is there a contract between the government and the company——

A. On general principles.

Q. Is there a contract between the government and the company ?

A. There is.

Q. Would not the terms of the contract govern ?

A. The local department must answer that question.

Q. You would not like to answer ?

A. I think you will find that in the working out of this contract the department have been almost severely fair with these people, that is, the department has put a rigid construction, most rigid, that these people must settle in the country.

By Mr. Gervais :

Q. Must be bona fide settlers ?

A. Yes, but all that information in detail you will get, I am sure, from Mr. Blair.

By Mr. Chisholm (Antigonish):

Q. How does the government ascertain the agricultural classes ?

A. You will have to ask that question in the department.

Q. Is it a fact that the government very carefully follows these immigrants that arrive here and ascertains whether they settle on farms in this country or not, if they are put down as agriculturists and the bonus paid ?

A. I think you will find the department is almost rigidly severe with the company.

By Mr. Hughes (Victoria):

Q. A witness has previously sworn that they take the word of the immigrant ?

A. In paying the bonus.

By Mr. Chisholm (Antigonish):

Q. The trouble between the government and the North Atlantic Trading Company is that there is a dispute between them, the company claiming that there are certain amounts due them on immigrants which have arrived in Canada.

(No answer.)

By Mr. Taylor :

Q. Mr. Turriff submitted a question to you like this :—

Under the old arrangement if a man with a family of five went to an agent and bought six tickets and came to Canada, that the agent would draw his six pounds ?

A. He did not ask me that, I beg you pardon.

Q. The question submitted by Mr. Turiff was that if a man with family of five went and purchased tickets and came to Canada the agent would draw his six pounds ?

A. Not that I know of.

Q. Your answer to that was, yes.

A. I said he would be entitled to the bonus.

Q. Is that a correct answer ?

A. He would be entiled to the bonus, yes. Whatever bonus would be due he would be entitled to it.

Q. What was your answer to Mr. Turriff ?

A. That he was entitled to the bonus.

Q. The whole family of six ?

A. Yes, be entitled to the bonus.

Q. On that family of six ?

A. Yes.

Q. Under the old arrangement if that family consisted of four persons who were under sixteen years of age he would get the bonus ?

A. I think for the minors they got half the amount, but of that arrangement I am not quite clear.

Q. Then you are prepared now to qualify the answer ?

A. I am not qualifying any answer I gave to this Committee.

Q. Then was your answer correct when you said they would be entitled to the bonus on that family of six ?

A. They would be entitled to the bonus, meaning of course the bonus to which they would be entitled.

Q. Mr. Turriff's question was one pound per head?

A. I said entitled to the bonus.

Mr. TURRIFF.—I was taking the bonus that would be collected on adults.

Mr. TAYLOR.—You did not say whether on adults or agricultural class or anything else.

WITNESS.—I think he did.

Mr. TAYLOR.—Your plain question was, would he draw a bonus of six pounds on the six members of the family.

WITNESS.—I never heard him say six pounds.

By Mr. Foster:

Q. While you are making up this list asked for for the information of the Committee can you make up a list of the old booking agents who were doing the work on the continent previous to the arrangement of 1899, their names and their addresses? You understand what I want?

A. Quite so. I shall ask for it.

By Mr. German:

Q. I want to go back to that question asked by Mr. Barker. Do you know, Mr. Preston, of your own knowledge how many members there have been and are in this North Atlantic Trading Company?

A. No, I do not, but—

Q. Never mind the but. You say that you believe that some of these are booking agents who previously received from the government twenty shillings per head for agricultural immigrants?

A. I have said so.

Q. Do you know of your own knowledge how many of this company are of those booking agents?

A. I do not and I will not know unless I go over the list very carefully, which I have not done. I only took a casual glance at it.

Mr. GERMAN.—I think these answers should be reported with the question asked by Mr. Barker.

By the Chairman:

Q. I want to ask one or two questions. As I understand you, your refusal to give the names to the Agricultural Committee and this committee is because of a pledge given that their names would not be revealed?

A. That is the reason, and that pledge was given on my own account but with the direction of my superior officer.

Q. Have you any reason personally, yourself, for not revealing the names?

A. None whatever. I have every reason personally to have the names given and I have cabled—

Q. Have you taken any steps to have yourself relieved from the pledge of secrecy given by yourself?

A. I have.

Q. In what way?

A. I have sent a very urgent message to my private secretary in London imploring him to see these people and to get them to allow this pledge of secrecy to be broken, and I have received a despatch from my secretary that he had sent some one to the continent fully seized with the responsibility to do and will do all in his power to get these people there to consent to the pledge of secrecy being removed. I could not put anything stronger in the English language than I have put my imploring telegram to be relieved of this pledge.

Q. If they consent to relieve you of the pledge will you be willing to state the names?

A. Quite so.

By Mr. Barker:

Q. Who was the superior officer party to the pledge?

A. The Deputy Minister, Mr. Smart.

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By Mr. Hughes (Victoria):

Q. With whom did this question of secrecy originate, was it with the members of the syndicate ?

A. With the members of the syndicate, quite so. It grew out of the trouble which took place years before incident to the visit of Lord Strathcona and Mr. Colmer to Germany.

Q. Did you urge the necessity for secrecy or was it just urged at the request of the syndicate ?

A. I do not think there is anything in my letter of the 26th of October referring to the question of secrecy.

Q. There was in one of your letters ?

A. Yes, in Lord Strathcona's letter. That was the result of a conversation with Lord Strathcona.

Q. You were urging upon Lord Strathcona the request of the syndicate ?

A. That question was discussed with Lord Strathcona the first time we spoke of it early in May, 1899, and he saw the force of it.

Q. He refers to it in his letter.

A. Yes, in his letter to the department of November 15, 1899.

Q. Upon the strength of your conveying to him the request of this syndicate ?

A. I presume so.

Q. You did convey to him the request ?

A. Yes, I talked with him on several occasions.

Q. I think there was a letter urging upon him the necessity of secrecy ?

A. There may be one, but it is not in the one, I think, of October 26.

By Mr. Foster :

Q. You spoke of a list you had seen, a list of the shareholders of the trading company ?

A. Yes.

Q. Where did you see it ?

A. I opened it here the other day. I asked them before leaving, gave them very urgent reasons why I thought the names ought to be made public. They wrote to me replying in the first place that they could not do it at all. However, in the same letter I asked if they could not allow the names to be made known publicly, to allow them to be made known confidentially to some persons who might be decided upon on this side of the Atlantic. They then furnished me with a sealed envelope—at least they followed me here with a letter advising me that under certain circumstances that I could open this envelope.

Q. What were the circumstances ?

A. Their permission, and I take it I had their permission in the covering letter that accompanied the envelope.

Q. You have that letter ?

A. I have it—I can get it. I have it in my control.

Q. It is in Ottawa ?

A. Yes.

Q. Will you bring that letter to the committee ?

A. Well, I can hardly do so, because there are some names mentioned in that.

Q. What objection is there to reading to the committee permission to allow you to break those seals ?

A. I think I can do that.

Q. Did you break the seals ?

A. I did, at least I opened the envelope and took a hasty glance, I did not study the names carefully.

Q. You read the list ?

A. Somewhat hastily.

Q. Now, previous to that time had you any absolute knowledge that any person or several persons were actually members of that syndicate ?

A. No, but I found my suspicions as to the personal in respect to two or three of them fairly verified.

Q. Up to that time you had no absolute knowledge of any one person being actually a member of that syndicate ?

A. Yes, I think I can say that.

Q. Now, why, if that were the case, did you as an incentive to this arrangement declare in letters, as I think you also have declared to the committee that you took pains to investigate the financial condition of the members of that company ?

A. Yes, of those with whom I discussed the question in the first place.

Q. Of the members of that conference ?

A. Of those with whom I discussed the question in the first place and I found several of them were in the company.

Q. Mr. Smart when he was asked why he did not look into that company said he took your word for it ?

A. Quite so.

Q. And you said that you had thoroughly investigated the financial standing of those who belonged to that company, that the capital would be at least two hundred thousand and that the financial standing of these men outside of that would be still more. Now, how do you reconcile that ? To-day you swear that you did not absolutely know any member of that syndicate. You based your recommendation of that arrangement on the statement you had carefully investigated the financial standing of that company, that it had two hundred thousand capital, or would have it, and that the financial standing of the members outside of that was good. How do you reconcile that ?

A. I carefully investigated the financial standing of every one whom I met in Berlin and at other points who were apparently negotiating to go into the syndicate. Some of them I see by the list did not, and yet I am perfectly satisfied that the financial standing as represented by me to the department is more than sustained by those who are in it.

Q. It is not a question of that. You were immigration commissioner, the chief negotiator. You went to the continent. It was your duty with reference to the responsible men with whom this contract was to be made and you reported to your Minister and to your deputy minister that you had thoroughly investigated the standing of the men who were to form that company, or did form it, and you made certain statements with reference to it. Now, you swear that until you opened that list a day or two ago, opened that envelope, you could not have sworn positively to any single one of those belonging to that company.

A. No.

Q. Then you went on the financial standing of those whom you thought were going into it ?

A. Whom I believed were going into the syndicate.

Q. That first letter, the first proposition, was made to you on October 20th and it was signed, 'Very truly yours, the Trans-Atlantic Trading Company.' And to that you make answer on November 4th. To whom did you write that letter on November 4th ?

A. I could not tell you now, but no doubt to one of the parties who was communicating with me.

Mr. GERVAIS.—Show him the letter.

Mr. FOSTER.—He has seen the letter.

The WITNESS.—I have a name in my recollection.

By Mr. Foster:

Q. What is the name ?

A. I could not give you his name.

Q. You could not give me the name ?

A. No.

Q. Of the person from whom you received that proposition which you accepted, the proposition which you recommended to your Minister and which was adopted by the department at Ottawa.

A. I do not want to give it to you for the reason I have already told you.

Q. You know his name ?

A. Yes, I know his name.

Q. Do you refuse to give it ?

A. But he is not the only one.

Q. Do you refuse to give it ?

A. Yes, for the reason I have already told you.

Q. Do you not know he is not in the syndicate ?

A. Yes.

Q. Since you have opened your letter ?

A. Yes, I think they took every possible step to prevent me from knowing anything about the whole thing.

Q. What objection have you, since he is not in the syndicate and does not belong to it, to giving his name?

A. I object to it.

Q. Why ?

A. For the reason I have already given.

Q. You gave a pledge, did you?

A. Yes, the first day we came to discuss the matter the pledge was given as I think I explained at a previous examination before this Committee or before the Agricultural Committee.

Q. On November 4, 1899, when you wrote that letter you had already written to this gentleman and to other gentlemen that you would not reveal their identity?

A. We gave him a pledge in the form I explained to the Committee, Mr. Foster, the first time we met, which I think was in the latter part of April or early in May. I told them then that I could not give them a pledge which would bind the department unless the department agreed to accept or agreed to support me in the matter, but in the meantime rather than lose time I was prepared to go on and negotiate with them giving my personal pledge that if the department refused or declined to agree with me in the matter, I, personally, would keep the confidence that they were placing in me, and this I told Lord Strathcona on my return to London some time in May.

Q. When you came back and told Lord Strathcona some time in May did Lord Strathcona then and there authorize you to give a pledge of secrecy?

A. He did not.

Q. Who did?

A. Mr. Smart.

Q. At that time?

A. Mr. Smart was not there until months afterwards.

Q. You wrote the department then about it?

A. I do not know whether I wrote the department about that or not.

Q. How did Mr. Smart come to give the authorization?

A. He was in London.

Q. Afterwards?

A. Afterwards, yes.

Q. In October he was in London?

A. I could not tell you the month.

Q. He went over in August, I think?

A. I think he went over earlier.

Q. So that it was not Lord Strathcona who authorized you to give that pledge of secrecy?

A. Oh, no, but Lord Strathcona agreed with me. I say Lord Strathcona agreed with me that it would be impossible to carry on the work in any other way.

Q. The authorization was given you by the department?

A. Quite so, by Mr. Smart.

Q. On October 20, they sign their letter the Trans-Atlantic Trading Company do they not?

A. Yes, no doubt you are correct.

Q. In your reply of November 4, you addressed your letter to the Trans-Atlantic Trading Company?

A. I expect so. I take it for granted these are correct copies.

Q. Was that an incorporated company at that time?

A. I do not think it.

Q. You do not think it?

A. No, I do not think it.

Q. Was it a company at all?

A. I do not suppose you could call it legally a company, no.

Q. You were carrying on a correspondence with that company——

A. In the process of formation.

Q. But you did not know at that time it was a company, you did not know it was incorporated?

A. I could not say it was legally incorporated, it was in process of formation.

Q. You rather suspected that it was not a company at that time?

A. No, I can hardly say that.

Q. Why do you use the word 'proposed' in your answer?

A. I really could not explain the various phraseologies of seven years ago.

Q. (Reads) 'In this connection I might say that in view of the several conferences I have had on this question during the past four or five months with representatives of your then proposed company'?

A. Yes.

Q. That would carry out your statement that it was probably not doing much, that it was a proposed company?

A. I think that was it.

Q. Can you give any reason for changing the name between this supposed company——

A. The files will show.

Q. And the succeeding company?

A. You will find a letter from me on the files of the department notifying them that they found when they went to register, or open business in Amsterdam, that there was another trans-atlantic company and therefore they had to change their name. I had quite forgotten the fact until I saw it on the files the other night.

Q. Well, in reference to the North Atlantic Trading Company, the same answer could be given by you, you did not really know it was a company incorporated at the time the contract was made with them?

A. No, I did not. You are speaking now of the first contract, I suppose?

Q. I am, of their first contract.

A. No, I did not. I supposed they had taken their own steps. I did not know what the law was there.

Q. And you did not take any steps to ascertain whether it was incorporated——

A. No, I did not.

Q. Or not incorporated?

A. I did not, no.

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Q. As a matter of fact you thought it was incorporated ?
A. I thought it was incorporated.
Q. You did not know it was not until——
A. Until a very considerable time afterwards.
Q. In 1904 ?
A. I really could not tell you but some considerable time afterwards.
Q. After the contracts were made ?
A. Yes.

By Mr. Gervais :

Q. Would you state to the Committee what were the reasons given by the parties to the North Atlantic Trading contract for requiring such a pledge of secrecy ?

A. The first reason that was given was the trouble that had arisen the year previously following a visit of Canadian officials to Germany. It had set the authorities in motion with the idea that the law had been contravened, or the police regulations, and for that reason they were afraid of entering into any negotiations whereby their names would be known, alleging that the police regulations and supervision were so strict that there would certainly be serious trouble coming to each of them if it was known. I was there as representative of the Canadian government and negotiating with a view of carrying on an emigration propaganda on the continent. Nothing else but reasons of that kind would have induced me to take the stand I did.

Q. Then, if I understand you well consideration for public interests was the sole reason for your entering into such a pledge of secrecy ?

A. The only reason.

Q. The only reason ?

A. I wanted the emigrants and was willing to go a long distance to get them sent through for that purpose.

Q. And upon that sole condition only could you succeed in your scheme for bringing over emigrants ?

A. That is all.

By Mr. Hughes (Victoria):

Q. The witness stated that he knew a number of these booking agents on the continent who had been receiving bonuses prior to the formation of the North Atlantic Trading Company and subsequently became members of the North Atlantic Trading Company?

A. I do not think I said that, Colonel.

Q. What did you say, then ? Just tell us ?

A. I said that I knew, or I know, a number who were receiving bonuses and were no doubt in the company.

Q. And you stated that you knew one of them ?
A. I know more than one of them ?
Q. You know more of them ?
A. Yes.
Q. That is the point I want to bring out.
A. I have stated I went over the list, Colonel, and saw probably more.
Q. When you furnished these names to Mr. Smart, and he stated them to the Minister of Interior, they were those of the original members were they not?
A. No, I rather think they were those who were negotiating with me.
Q. Negotiating ?
A. Yes.
Q. Are those members of the company still ?
A. Some of them are not.
Q. Some of them are not ?

A. No. At least they appear to be not. They did everything possible afterwards, to hide even from me, for a while, their personality. Later on they offered to give me a list.

Q. You gave them to Mr. Smart and he gave them to the Minister of the Interior?

A. Well, I do not know what Mr. Smart did. I discussed their personality with Mr. Smart.

Q. You furnished the names to Mr. Smart ?

A. I discussed their personality, I do not know that anything passed in writing.

Q. Mr. Smart declined, as you did to give the names and stated you had the authority of the Minister of the Interior for your declination ?

A. I had not the authority of the minister.

Q. You had Mr. Smart's authority ?

A. Mr. Smart is my superior officer, I did not go beyond that.

By Mr. Gervais:

Q. Have you just spoken about the Atlantic Trading Company. You are not a lawyer, I understand ?

A. I am not.

Q. But you know something about the English Companies Act of 1900.

A. I do not, only in a general way.

Q. Do you know what is the difference between a registered and an unregistered company ?

A. I do not.

Q. As a matter of fact is there very much more security and guarantee for the creditors of an unregistered company.

A. I really could not tell you, Mr. Gervais.

By Mr. Foster:

Q. Have you communicated the information you got out of that sealed envelope to any person ?

A. I have.

Q. To whom ?

A. I decline to answer.

Q. You decline to answer ?

A. Yes.

Q. How long since you communicated that information ?

A. Monday.

Q. To more than one person ?

A. No.

Q. To one person?

A. One.

Q. Who was that person ?

A. I decline to tell you just now, Mr. Foster.

Q. You decline to answer ?

A. Yes.

Mr. FOSTER—Mr. Chairman, is that a proper question?

The CHAIRMAN—A proper question, certainly.

By Mr. Foster :

Q. The Chairman says this is a proper question. Will you answer it ?

A. I will ask the gentleman's permission and I will answer it if he will give me permission.

Q. We are not here to conduct our investigation in this Committee subject to the permission of any one.

A. I think I will have to decline to answer now.

Mr. FOSTER—I will ask the Chairman to request you to answer.
The CHAIRMAN—Will you answer the question ?
WITNESS—I do not think I am justified in doing so, Mr. Chairman.
Mr. FOSTER—Is that a request for him to answer the question?
The CHAIRMAN—Certainly.

By Mr. Foster :

Q. Now, Mr. Preston, the Chairman has ruled this is a proper question. He has also requested you to answer. What is the answer to that question ?

A. I do not feel justified in answering it, Mr. Foster,

Q. You refuse to answer?

A. I do.

Q. Will you give a reason?

A. I would like the gentleman's consent to it first.

Q. Was there any pledge of secrecy?

A. There was not.

Q. Then you refuse to answer?

A. I do.

Q. Do you refuse to give to this Committee, a Committee of the House of Commons who have summoned you here to get information, do you refuse to give to this Committee the information which you have taken upon yourself to give to another person?

A. I refuse to give it to-day. I should like the gentleman's consent first.

Q. That is you will give information which you consider confidential to a third party and refuse to give it to the Committee whose witness you are ?

A. It was given to me in confidence.

Q. But you have said just a moment ago that there was no pledge of confidence.

A. There was no pledge from me but there was a pledge contained in the instructions given to me by the manager of the company. I have no desire but that you should know everything about it. I hope to be in a position soon to tell the Committee all about it but they must not ask me to do that which they would not ask an individual to do outside of this Committee. I think I am only asking fair treatment from the Committee.

Mr. FOSTER.—I move, Mr. Chairman, that the questions and answers on this subject be included in the report to be presented to the House.

The CHAIRMAN.—The motion is that the answers given to the questions put by Mr. German, the Chairman, Mr. Gervais, Mr. Hughes (Victoria), and Mr. Foster form part of the report as well as the answers given to questions put by Mr. Barker.

Mr. FIELDING.—All questions touching refusals to answer, that is the essence of it.

By Mr. Barker:

Q. Mr. Preston, when I asked you the question that you declined to answer, your answer was, 'I could not tell, I refuse.' Your answer to Mr. German's question was, 'I do not know?'

A. I think if you read the questions and answers you will find they are not contradictory.

Q. Will you explain in what respect you refuse?

A. If you put your question I will tell you, Mr. Barker.

Q. Will you explain why it is you refused to answer the questions I put when your answer to Mr. German was 'I do not know? Were the questions the same in your mind?

A. No, I do not think they were. I took a cursory glance at the list, as I have explained. I could not give you either the number or all their names now. I know in a general way some of them because I recognized them.

The CHAIRMAN.—Is it the pleasure of the Committee to adopt the motion ? Carried.

Mr. TAYLOR—I would like to have the question put to the witness by Mr. Turriff and the answer to it read by the shorthand reporter who took them down. As I understand he was not present when I made the request before and I therefore could not get the information at the time.

The STENOGRAPHER.—(reads) 'In reference to the bonus of 20 shillings per head under the old system did I understand you rightly to say, that supposing a man with a family of five went to a booking agent, and the booking agent had never seen him before, had never canvassed him, had never done any work whatever to induce him to come to Canada, but this man went and bought six tickets from that booking agent, would that booking agent get £1 per head just the same as if he had gone out into the country and advertised and spent money in getting these emigrants'?

A. He would be entitled to the bonus and would undoubtedly receive it.

Q. Exactly the same as the North Atlantic Trading Company ?

A. Yes.

A. So that it was the same under the old system as under the present North Atlantic Trading Company system ?

A. In every respect except that under the new system claims are not made from the other side, but claims are made up here by the departmental officer from the arrivals in our ports.

Q. The point I wanted to make here was that the booking agent that sold the tickets received £1 per head irrespective of the fact whether he did anything whatever to induce those emigrants to come to Canada ?

A. Quite so?'

By Mr. Hughes (Victoria):

Q. Does Mr. Preston endorse his former answer now that he understands Mr. Turriff's question ?

A. I have nothing to take back.

Q. Let me ask Mr. Preston this question: Mr. Turriff asked him if a man, one with a family of five who got six tickets, would get the bonus on each of these emigrants ?

A. I said he would be entitled to the bonus, and he would only be entitled to the bonus as allowed by the department and he could not go beyond the regulations. My reply was that he would be entitled to the bonus.

Q. Unless the children were all over 16 years of age would he be entitled to the bonus ?

A. Certainly not.

By Mr. Gervais:

Q. I understand you to say this that in the case of a family of ten members coming within the conditions of clause 4 of the contract that there should be a bonus in each case ?

A. They would only be entitled to the bonus according to the departmental regulations.

By Mr. Foster:

Q. Not according to the contract?

A. Well, I am not discussing the contract. Mr. Gervais is discussing the question of payment under the old system, as I understood it.

By Mr. Barker:

Q. Not necessarily £1 a head ?

A. No, only as provided by regulation.

Q. Not necessarily £1 a head?

A. No, only as provided by the regulations.

By Mr. Gervais :

Q. Mr. Preston, will you take communication of the file of documents I have in my hand and say to what they refer ?

A. These documents refer to some of Mr. W. L. Griffith's accounts. Mr. Griffith stated a short while ago here that he had only on probably one or two occasions charged first class fare when he had travelled other than first. I made an official report to the High Commissioner———

Q. I would like you to refer to that schedule of expenses which were supposed to have been incurred by Mr. Griffith and which as a matter of fact had not been incurred by him, and give to the Committee a full list of the tickets not issued, but charged just the same.

A. I have a 'summary of travelling expenses as per extracts from the accounts of Mr. W. L. Griffith, formerly of Cardiff, and the report from the railway companies respecting the issue of the railway tickets charged in the accounts in question,' running from March 7, 1902 to Feb. 6, 1903.

Q. Would you read over that list ?

A. The list is a long one, perhaps the hon. gentleman will take a summary of it. There are 68 items of travelling expenses at first class rates from various points in England and Wales in respect to which I received a report from the railway company stating that no such tickets were issued on the day and dates mentioned to the places mentioned in Mr. Griffith's account. This report has been in the hands of the High Commissioner since December, 1904, or January, 1905. And as Lord Strathcona told me it had been submitted to Mr. Griffith; of course with regard to that phase of it I am not in a position to know.

Q. What is the total amount ?

A. I have not added it up.

Q. Will you make it up ?

By Mr. Bergeron :

Q. What prompted you to ask the railway company to find that out?

A. Because I had a dispute with Mr. Griffith about another account in which charges had been made, and some information had come into my possession that the account was not a proper account. I sent to the railway company and got the reply from them stating that certain charges made by him in this small account for tickets that the tickets in question had not been issued. That was the subject of correspondence between myself and Mr. Griffith, and the correspondence was forwarded to the department, and Mr. Griffith appealed to the department from my ruling that he was not entitled to these moneys. I need not say his appeal was not sustained. That prompted me then to take his accounts for the previous few months' expenditures, and send to the railway companies and ask them if first-class tickets had been issued on the day and date and to the place or places mentioned in his accounts.

Q. Was Mr. Griffith entitled to travel first-class if he chose?

A. Yes; but according to the instructions given by the department neither Mr. Griffith nor any one of us is entitled to charge in excess of what is actually expended.

Q. When was that? Four years ago, in 1902?

A. This was from March 7th, 1902, to February 6th, 1903.

Q. When did you find that out?

A. I found that out either in December, 1904, or January, 1905.

Q. Nearly two years after that?

A. Nearly two years after that.

Q. Until then you had not heard anything about it?

A. Until then I had heard nothing about it; I thought his accounts were made under proper conditions.

Q. In the meantime had you any difficulties with Mr. Griffith in any shape or form?

A. None whatever, until the difficulties arose about the accounts—perhaps I am speaking too hastily, no difficulties dealing directly with this in recent years, until the difficulty about the small accounts. But my difficulties began almost from the time I met him in Wales. When the question arose as to travelling third-class and charging first, not only with Mr. Griffith, but with other agents, I took the ground that that could not be allowed at all, and from that date to the present difficulties have gone on.

Q. What is the position of Mr. Griffith there?

A. At present he is secretary of the High Commissioner.

Q. He is still in that position?

A. Still in that position.

Q. Did it ever happen to you to travel second or third-class and charge it up as first-class?

A. I never charged the department one penny, to my knowledge, more than I actually expended.

Q. You do not remember?

A. I am quite clear about it, quite sure about it, because this question arose almost immediately after my appointment.

Q. Did you look upon that charge as dishonest?

A. I have no opinion to express about it.

By Mr. Smith (Nanaimo):

Q. Are you possessed of railway passes?

A. No.

Q. You never had them?

A. I have had a pass two or three times, probably only twice from London to Liverpool and return.

Q. On what railway?

A. The London and North Western Railway, on some complimentary excursion going up there, but I never charged my expenses in that connection to the government.

Q. You never used passes and charged expenses?

A. Certainly not.

By Mr. Gervais:

Q. Will you look at the letter written by Mr. Keyes bearing date January 11, 1905?

A. This is a letter written from the Department of the Interior here.

Q. Will you read it?

WITNESS.—(Reads)

'DEPARTMENT OF THE INTERIOR, CANADA,
OTTAWA, January 11, 1905.

Sir,—I beg to inclose copy of a letter received from Mr. W. L. Griffith, late immigration agent, Cardiff, Wales, in which reference is made to advances amounting to $150 made in July and August, 1902. Although nearly a year has elapsed, Mr. Griffith has not, so far, rendered any statement of expenditure connected with the advance mentioned. Will you please take whatever steps you consider necessary in order that the matter may be settled? Perhaps it would be well to send you copies of the correspondence and statements, which have already been submitted in this con-

nection, and I therefore inclose them. From the statement, you will preceive that in February, 1903, two cheques were given to Mr. Griffith, amounting to $219, and some time afterwards he rendered his statements of expenditure for February and March, amounting to $294.86, and when settling with him, the fact that he had not accounted for the $150 was overlooked, and he was paid $62.17 in August, and $13.69 in October, in settlement of the February and March accounts. Mr. Griffith has still to account for the $150, which is admitted by him in his letter of the 4th February, 1904, but as I have stated, so far, he has ignored the matter.

Your obedient servant,

(Sgd.) P. G. KEYES,

Secretary.

W. T. R. Preston, Esq.,
Commissioner of Emigration,
11-12 Charing Cross,
London, W.C., England.'

By Mr. Haggart:

Q. On that question, how do they get advances of money, or are they in the habit of doing it?

A. An advance is made to the agents practically every month to cover their prospective expenditure on expenses, and they are expected before the end of the year, or at least before the end of the month, to send in a detailed statement of all their expenses, travelling and otherwise.

By the Chairman:

Q. That is when travelling on official business?

A. When travelling on official work. They have also to attach a certificate to their account stating that the above moneys were expended by him—we all have to do that—in the government interest or in the government service.

By Mr. Gervais:

Q. What did he have to say in reply to that?

A. Mr. Griffith I think replied to the department; he was settling with them; he did not settle with me.

By Mr. Bergeron :

Q. This letter was addressed to you by Mr. Smart ?

A. No, it was a letter addressed by the secretary of the department to Mr. Griffith.

By Mr. Gervais:

Q. Will you please produce the letter dated Ottawa, August 22, 1904, in this same matter ?

A. This is also a letter addressed to me——

By Mr. Hughes (Victoria):

Q. The letter you have just read was signed by whom ?
A. It was from Mr. Keyes.
Q. Of the department here ?
A. Of the department here.
Q. And it was addressed to you ?
A. Addressed to me.

By Mr. Gervais :

Q. Read the other letter, please?

A. This is a letter from the Department of the Interior dated August 22, 1904, which was addressed to Mr. Griffith, a copy of which was sent to me :—

'Sir,—In reference to your letter of the 4th February last, regarding the balance of $368.82 unaccounted for, I am to draw your attention to the fact that so far no statement of disbursements has been received at Ottawa, in connection with this matter, although you stated that you had rendered an account for January and February, 1903, to Mr. Preston's office, and that the account showed a balance of £24 2s. 10d. in your favour.

'Will you please attend to this matter at the earliest possible moment as it is necessary to close the accounts in the Auditor General's office.

'Your obedient servant,

'(Signed) P. G. KEYES,
'*Secretary.*

'W. L. GRIFFITH, ESQ.,
'Secretary to the High Commissioner for Canada,
'London, Eng.'

Q. Then would you read from the letter dated March 18, 1904, and other letters?

'DEPARTMENT OF THE INTERIOR,
'OTTAWA, March 18, 1904.

'SIR,—I beg to inclose herein copy of a letter which has been received from Mr. W. L. Griffith in regard to certain advances made to him some time ago. Mr. Griffith states that he has already rendered an account to your office for his expenditure during January and February, 1903, but so far, these accounts have not been received at Ottawa. He claims that there is a balance of £24 2s. 10d. coming to him, and states that when this matter is adjusted, he will send a final statement to head office.

'Your obedient servant,

'(Sgd.) P. G. KEYES,
'*Secretary.*

'W. T. R. PRESTON, Esq.,
'Commissioner of Emigration, &c.'

Q. Then the other letters, will you read from the other documents included in that file?

WITNESS.—(Reads)

A. 'OFFICE OF THE HIGH COMMISSIONER FOR CANADA,
'4th February, 1904.

'SIR,—I beg to acknowledge your letter of December 19th last regarding balances amounting to $368.82, for which no account has been received by you up to the time you wrote.

'As to the cheques issued on February 2 and 9, 1903, I have rendered an account for January and February of that year—including the advances, and forwarded it to Mr. Preston's office some time ago. This account shows a balance of £24 2s. 10d. in my favour.

'With regard to the advance, amounting to $150, made to me in July, 1902, I regret very much that the matter should have been so long delayed. When moving from Cardiff to London my papers became very much disarranged, and for a long time I was unable to find the vouchers covering my expenditure in Canada in July and

August, 1902. These, however, have now been found, and as soon as Mr. Preston adjusts the account to which I have referred, I will send you a final statement.

'I am, sir,

'Your obedient servant,

'(Sgd.) W. L. GRIFFITH.

'The Secretary,
'Department of the Interior,
'Ottawa, Canada.'

By Mr. Bergeron:

Q. I do not understand the conclusion of that letter.

A. No, it was something to do with the department, not with me.

By Mr. Barker :

Q. Mr. Preston, I understand you that all these complaints about the travelling expenses and everything of that kind were reported to you by Lord Strathcona ?

A. Quite so.

Q. As regards Mr. Griffith ?

A. Quite so.

Q. And as regards the other men to the department ?

A. I could not tell you whether he reported to the department or not. I fancy he did, but really I do not know.

Q. But as regards the other men reported by you to the department ?

A. Possibly he did, but I have no official knowledge of it.

Q. Listen to the question, please. The complaints as regards the other men by you were reported to the Department ?

A. I sent copies of the correspondence to the department.

Q. They were matters for the department and Lord Strathcona to deal with ?

A. Quite so.

Q. And that was eighteen months ago ?

A. Quite so.

Q. And these gentlemen are in the department still?

A. Quite so.

Q. And Mr. Griffith is confidential secretary to the High Commissioner ?

A. Official secretary.

Q. He is official secretary to Lord Strathcona as High Commissioner ?

A. Quite so.

Q. He remains there to this day?

A. Quite so.

Q. Notwithstanding your charges ?

A. Quite so.

Q. Do you intend this as a reflection upon the Government or the department ?

A. No.

Q. It seems to be a very serious thing, I think the Government will have to answer for all this. Now I suppose, Mr. Preston, in your long experience you know that the date on which the expenses are put down in the account are not necessarily the very day the man starts on his journey ?

A. Oh, yes, they are?

Q. Are they ?

A. Yes.

Q. It is your very strict way ? If you go on a journey and you put down an item of expenses that is necessarily the day you started ?

A. Quite so. When we have to render an account we are asked to render a proper account, dates and everything of that kind.

Q. When a man is going on a journey, these 68 journeys you have, I think, spoken of, you take the day that is mentioned in the account and you assume that is the day he bought his ticket?

A. That is correct.

Q. Even if he charged it up on his return from the trip?

A. I assume that account to be correct.

Q. You assume, supposing he went away for a trip of one, two or three days, and charged up the item for his railway fare, you took it for granted that that is the day he started out, on that trip, and you ask the railway company?

A. I asked the railway company if the tickets were issued on those particular days.

Q. And on that you asked the department or somebody, to conclude that Mr. Griffith was cheating the department?

A. I did not ask it on that alone.

Q. That is all we have here from you?

A. But you have not heard it all of course.

Q. You have asked questions of the railway company whether on a particular day a ticket was sold, say from Bristol to Liverpool and return, and hearing from them that they had not sold a first class ticket on that day between those points, you say that Mr. Griffith improperly charged that money?

A. The department says so.

Q. Evidently Lord Strathcona did not agree with you?

A. Lord Strathcona did agree with me.

Q. He keeps him in his office?

A. I am explaining——

Q. You are not explaining.

A. No?

Q. Did the department here agree in that way with regard to the other gentlemen?

A. I could not tell you that.

Q. You cannot tell us that?

A. No.

Q. It is still a fact that after all these charges made by you they remained?

A. These things have only been put on file at Lord Strathcona's request.

Q. Is it true, let me ask you, that notwithstanding these charges made by you in writing these gentlemen still remain in the service?

A. They still remain in the service.

By Mr. Hughes (Victoria):

Q. Has Lord Strathcona authority to suspend?

A. You will have to ask Lord Strathcona.

Q. You have stated that Lord Strathcona has retained these gentlemen? Who appointed you, was it Lord Strathcona appointed you?

A. No.

Q. You stated he retained these men in the service, how do you know he retained them?

A. Well they are there.

Q. Is it the department that retained them?

A. You will have to settle that for yourself—that is a play on words.

By the Chairman:

Q. With reference to the documents that were filed this morning by Mr. Griffith, have you anything to say whatever in reference to them?

A. I have not seen them at all, I do not know what they are.

Q. Perhaps it will be well for you to examine them.

Mr. BARKER.—I would like to examine Mr. Preston again to-morrow after I have seen those papers, and he had better perhaps see them too. I want him to be well informed.

By Mr. Gervais:

Q. You have promised the committee to supply it with a schedule of every bonus or premium paid by the government for the last ten years?

A. I am getting that out.

Q. When you are making that statement would you include in it all the premiums paid by the government since 1880?

A. Well it really means from the beginning I understand? I am not asked prior to 1899.

Q. I want you to include in your statement or schedule all the bonuses paid by the Government of Canada since they have been paying anything for immigration purposes?

A. Very well.

Committee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
Thursday, May 31, 1906.

The Select Standing Committee of the House of Commons on Public Accounts met this day, Mr. Belcourt in the Chair, and proceeded to the further consideration of the accounts of the North Atlantic Trading Company as set out at L—26 in the Report of the Auditor General for the fiscal year ending 30th June, 1905.

Examination of Mr. W. T. R. Preston resumed.

By Mr. Barker:

Q. You have now got, Mr. Preston, all the cheques, I think, about the Arundel Advertising and Printing Company. I put in your hands an account of the 1st May, 1903, of the Arundel Advertising and Printing Company against you, as Commissioner of Emigration, amounting to £2,701 12s. Have you got it there?

A. I have, Mr. Barker.

Q. I observe that there is no certificate of the correctness of that account ?

A. There ought to be, Mr. Barker.

Q. So I would have thought, because every other account is certified.

A. Quite so. I think you will find the accounts are in duplicate or triplicate.

Q. That is marked 'original'?

A. Yes, this is, but I think you will find one, a duplicate of this probably, in the Department of the Interior. It has been an omission of the accountant undoubtedly.

Q. It is a fact that that account as it stands there is not certified by you and it is the only one that is not certified by you?

A. I see the initials of my accountant there.

Q. I think that is in connection with checking the additions?

A. I think not, Mr. Barker. It looks like the initials 'F.E.G.' It is very much like the initials of my accountant.

Q. There is a correction made in the addition?

A. A correction made in the addition.

Q. But there is no certificate by yourself or by any other officer as to the correctness of that account?

A. Not on this. I think you will find there is on the duplicate in the other office.

Q. Perhaps it will be produced?

A. Perhaps. The accountant is very careful about that.

Q. In the meantime all other accounts there are certified by you?

A. Perhaps so. Perhaps there is some explanation for this. Wait till I see. (After examining accounts.) I do not see any explanation on the file about it, Mr. Barker.

Q. Now, Mr. Preston, will you turn to cheque No. 582?

A. 582, yes, Mr. Barker.

Q. The date?

A. The date is November 29th, 1903.

Q. Is it not March 29. I think it is March you will see it is paid 1st April?

A. Then it would be March.

Q. For how much?

A. For £250.

APPENDIX No. 3

Q. By whom is that cheque endorsed?

A. The cheque is endorsed 'Arundel Printing Company' in writing. Then it is stamped 'Arundel Advertising and Printing Company per' and then in writing 'D. Somerville, Manager, and Roy V. Somerville.'

Q. Roy V. Somerville does not purport to endorse as an officer, that is an individual endorsement, is it not?

A. It is Mr. Somerville's writing.

Q. Endorsed by the manager of the company and Mr. Roy V. Somerville?

A. Yes, quite so.

Q. Now will you look on the face of that cheque and see in what year it is paid?

A. I can only distinguish April, 1903.

Q. It is very indistinct?

A. It is quite indistinct.

Q. April, 1903, two or three days after it is issued?

A. It is quite indistinct?

Q. Into what bank did that pass ?

A. Lloyd's Bank, Limited, Law Courts.

Q. Do you know who kept their accounts there?

A. I do not know.

Q. The Arundel Company?

A. I do not know.

Q. Or Roy V. Somerville?

A. I do not know.

Q. Did you?

A. No, I did not.

Q. That is all you know about it?

A. Yes.

Q. I might say all their cheques were deposited in that bank in 1903 and later?

A. Yes.

Q. All the cheques issued to Roy V. Somerville?

A. Quite so.

Q. That £250, if you will look at the statement at the beginning of that packet of papers, was paid in advance on the £2,701 12s.?

A. There is a statement here which I think must be in the handwriting of the Auditor General's staff. Is that the one you refer to ?

Q. Yes.

A. It is marked 582, March 29, 1903, £250.

Q. It forms part of the five cheques for the £2,701 12s. ?

A. It is one of the five cheques for the £2,701. Yes.

Q. Now will you turn to cheque 786. But first of all, Mr. Preston, before you take that up, deducting the £250 from the £2,701 12s. would leave, I think, £2,451 12s. ?

A. I presume your figures are correct. I have had no occasion for checking them over.

Q. Then that left after the £250 which had been paid in advance was deducted from the £2,701 12s, the sum of £2,451 12s. Now look at 786 ?

A. Yes, Mr. Barker.

Q. The date ?

May 15, 1903.

Q. The amount ?

Q. £610.

Q. Cheque 787 ?

A. £612, May 15th.

Q. On the 15th of May also £612 ?

A. Yes.

Q. Now cheque 788 ?
A. £620. No, cheque 788 is for £609 12s.
Q. 26th May ?
A. 26th May, 1903.
Q. Now cheque 789 ?
A. 789 is £620.
Q. 26th May ?
A. 26th May, yes.
Q. The total of these four cheques—will you check it please—comes to £2,451 12s, the exact balance of that account ?
A. Your figures are correct, I have no doubt.
Q. Now take up the receipts. Take 786 ?
A. The date, Mr. Barker, if you please.
Q. Take No. 786 in the receipts ?
A. 786, yes.
Q. That is what date ?
A. May 26th.
Q. May 26th ?
A. Yes.
Q. £610 ?
A. Quite so.
Q. Signed by ?
A. The Arundel Advertising and Printing Company.
Q. Signed by that company with the letter 'K' underneath it ?
A. I do not think it is 'K,' I could not tell you just what it is.
Q. But there is a letter ?
A. There is a letter underneath, yes.
Q. Now turn to receipt 787 ?
A. Yes.
Q. What is the date ?
A. May 26.
Q. 1903, how much ?
A. May 26, £612.
Q. Signed in the same way ?
A. Signed in the same way.
Q. Now 788 ?
A. 788 apparently the same handwriting.
Q. £609 12s. ?
A. £609 12s.
Q. On 26th May ?
A. Yes.
Q. Now 789 ?
A. 789, May 26th, £620, signed the same way.
Q. Now there are the receipts for these four cheques, two of which were signed on the 15th May, and two on 26th May.
Q. These receipts indicate they were all delivered on the same date, 26th May, is that so ?
A. I would imagine so.
Q. On the face of the paper ?
A. On the face of the papers, whatever the papers show, yes.
Q. Those four cheques were all signed by Lord Strathcona ?
A. And countersigned by myself.
Q. They were all signed by Lord Strathcona ? I want to get that fact ?
A. Yes, by Lord Strathcona.

APPENDIX No. 3

Q. Would he sign that on your requisition ?
A. He would sign on my requisition.
Q. And you would afterwards countersign ?
A. No, I would countersign it first.
Q. You would countersign it first ?
A. Yes.
Q. Your signature being there as countersigner he would thereupon put his name to it ?
A. Quite so.
Q. Now take 786, again, I mean the cheque ?
A. 786, yes ?
Q. By whom is that cheque endorsed?
A. Arundel Advertising and Printing Company with the stamp per 'D. Somerville, manager, Roy V. Somerville.'
Q. Roy V. Sommerville, again as an individual is endorsing?
A. The name Roy V. Somerville is there very distinctly, yes.
Q. Who is D. Somerville ?
A. I do not know I am sure.
Q. You do not know anything about it?
A. No, I never noticed it before.
Q. Look at the face of that cheque and tell me when it was paid?
A. On the 27th May, I think.
Q. 1903?
A. Yes, 1903.
Q. In what bank was that placed?
A. In Lloyd's Bank, Limited, Law Courts.
Q. Now, take the next cheque, 787?
A. 787, yes.
Q. That is signed in the same way as the other, by Lord Strathcona and you?
A. Signed in the same way.
Q. And endorsed?
A. Endorsed the same as the other.
Q. The same as 786?
A. Yes.
Q. And paid?
A. Some time in June.
Q. First June is it not?
A. It is rather blotted, I can hardly tell you. Some time in June.
Q. Into what bank did it go?
A. Lloyd's Bank, Limited, Law Courts.
Q. That is endorsed precisely the same as the other. Roy V. Somerville, appearing on the back of the cheque?
A. Precisely the same as the other, yes.
Q. Now will you take 788?
A. 788, yes.
Q. That is signed I suppose the same as the other?
A. Just the same as the other two, yes. Dated 26th May.
Q. 26th May?
A. And payable on the——
Q. We have got the dates you know?
A. And paid on the 2nd June.
Q. How is that endorsed?
A. This is endorsed Arundel Advertising and Printing Company, in writing per D. Somerville, Manager.

Q. Does Roy V. Somerville's name appear there?
A. No, it does not.
Q. It does not?
A. No, it does not.
Q. What is the next endorsement?
A. Order of Dresden Bank in Hamburg, B. Karlsberg.
Q. Who is B. Karlsberk?
A. A broker and booking agent.
Q. Is he the Karlsberg who is located at 36 Brandstwiete, Hamburg?
A. Yes.
Q. He is the same man?
A. No, I beg your pardon. He is at 15 Ferdinand Strasse.
Q. Are you sure he was not there in 1903?
A. I could not tell you, possibly so.
Q. What is the other endorsement?
A. Filiale Der Dresdner Bank in Hamburg. There are some of the names beneath that I cannot make out.
Q. Yes, there are two signatures there?
A. Yes.
Q. And it is stamped?
A. It is stamped, yes.
Q. From the Dresden Bank in Hamburg to the Dresden Bank in London for collection?
A. Yes.
Q. Turn to the face of it?
A. Quite so.
Q. When was it paid?
A. On the 2nd June.
Q. 1903?
A. 1903, yes.
Q. And what stamps appear on the face of it?
A. London and Westminster Bank, Limited, acc. Dresdner Bank, Dresdner Bank, London, and London and Westminster, Limited, at what looks like Lothbury.
Q. Who is there on the account that you know of?
A. I do not know anybody.
Q. You do not?
A. I do not.
Q. You observe that the first endorsement by the Arundel Company was in blank, was not made payable to the order of anybody?
A. It is just the same endorsement as on the others, except that it is in writing while the others are stamped.
Q. Payable to bearer upon their endorsement I suppose under bank rules?
A. I could not tell you.
Q. Do you not know a blank endorsement makes a cheque negotiable to bearer?
A. I do not think so.
Q. You do not think so?
A. Well practically it is equivalent to pay the order.
Q. At all events it was not made payable to Karlsberg?
A. To Karlsberg?
Q. It was not made payable to him?
A. No.
Q. But he endorsed it?
A. He endorsed it.

APPENDIX No. 3

Q. Would you understand from that, that when he presented it, which he did, at the Dresden Bank, it required his endorsement ?

A. I would fancy so, yes.

Q. You would infer from that that he collected the money there ?

A. It appears so from that, quite so.

Q. Turn to the other cheque now ?

A. The other number, Mr. Barker ?

Q. 789 ?

A. Yes.

Q. That is signed in the same way by Lord Strathcona and you ?

A. Signed the same way.

Q. Turn to the endorsement please.

A. The endorsement, yes ?

Q. The first endorsement ?

A. First endorsement, 'Arundel Advertising and Printing Company,' and in the same handwriting, 'D. Somerville, manager.'

Q. And by Roy V. Somerville ?

A. No.

Q. Who endorsed it in addition ?

A. I really could not tell you. I do not know who D. Somerville is.

Q. And in addition ?

A. Louis Leopold.

Q. Louis Leopold ?

A. Yes.

Q. Is that the gentleman who has an office above your own ?

A. That is the gentleman who had his office in the same building that we are in.

Q. And that cheque was paid when ?

A. Seems to be 10th June, there are two figures there, Mr. Barker.

Q. 13th June, I think it is, but it does not matter ?

A. There are double figures there, any way.

Q. 10th or 13th June, in either one or the other ?

A. Quite so.

Q. Now that passed apparently to his hands from your office, directly or indirectly, to his hands a few days before you wrote one of these letters to Mr. Ennis concerning Mr. Leopold ?

A. Oh, it could have no possible connection.

Q. I dare say, but at that time you had relations with Mr. Leopold ?

A. Oh, I have always been in friendly relations with Mr. Leopold. If you will give me the date of Mr. Ennis' letter.

Q. The one I am referring to is the 10th June ?

A. Let me see it please, will you ?

Q. I can show you a copy of it if you will accept that ?

A. Oh, yes, quite so. I take it for granted the honourable gentleman has had the originals ?

Q. You know every word of it by heart ?

A. I think not. This is one we had before.

Q. Yes, 10th June.

A. 10th June.

Q. Either on that day or three days afterwards Mr. Leopold cashed the £600 cheque that came through your department ?

A. If the dates are correct.

Q. 10th or 13th June.

A. The cheque evidently indicates that.

Q. The first of these letters to Ennis is on the 17th February, 1903, and the second on the 10th June. On the 17th February you referred to Mr. Leopold in this way :

'I was called upon yesterday, by a very responsible fellow who wanted to discuss with me a plan about emigration'?

A. Yes.

Q. He seems to have got on pretty well?

A. I think you will find, Mr. Barker, that when that letter was written to which you refer, Leopold was not in our office, not in the same building that our office is in.

Q. I do not say so. He only called on you on the 16th February according to your statement?

A. Yes.

Q. He seems to have casually, almost, dropped in on you?

A. Yes, he was there frequently.

Q. (Reads.) 'I was called on by a very responsible fellow who wanted to discuss with me a plan which he thinks he will be able to carry out' and so on, which we have had before.

A. Yes.

Q. Now he called on you on the 16th February and by the first fortnight of June following he was cashing £600 cheques from your office?

A. The cheque issued from my office undoubtedly.

Q. Can you account for that?

A. I cannot, it is the first I have heard of it.

Q. It is a surprise to you?

A. It is, quite so.

Q. He was a man too that was very anxious to get his little commissions, hurrying them up?

A. Quite so.

Q. He was very anxious to get his commissions on tickets?

A. He was very anxious to get the bonuses from time to time that were due him.

Q. That is the man at all events?

A. That is evidently the man, yes. Perhaps you would allow me to say here in view of your question that I never had an offer from Mr. Leopold of a shilling, or a penny or a pound or any other consideration in any way, shape or form in connection with my friendship with him. I will be absolutely frank with you.

Q. Nobody is saying that?

A. But there is the suggestion, Mr. Barker.

Q. It is unnecessary you should protest so much?

A. I think it is only proper that I should be allowed to say this here and I thank you for the opportunity.

Q. Now I observe that two of these cheques dated 15th May got into the hands of Roy V. Somerville, the gentleman that you had the contract with?

A. All of them went into his hands.

Q. Roy V. Somerville got two of these cheques, two of them went into his hands?

A. Well I cannot explain that, but they certainly all went into his hands.

Q. It is the case, if you have not gone through these cheques, that two of them, and they were two of the 15th May, found their way to Roy V. Somerville?

A. They all reached Roy V. Somerville, Mr. Barker.

Q. You know that?

A. I am quite sure of that.

Q. How do you know?

A. I know they would be sent from my office to his office on Arundel Street.

Q. I thought perhaps you knew they did get to him?

A. I have no direct personal knowledge other than that I know as I told you.

Q. You know what?

A. I know that Roy V. Somerville was the Arundel Printing Company, and I did not know of any one else in connection with the company at all until the return of these cheques?

APPENDIX No. 3

Q. You are stating theory now?
A. I am not stating theory.
Q. We want facts?
A. Yes, quite so.
Q. Only two of these cheques bear the signature of Roy V. Somerville ?
A. Bear his personal signature.
Q. Those are dated 15th May ?
A. The dates are there.
Q. They are for £610 and £612, respectively, issued on the same day and apparently not delivered until the 26th May.
A. Oh yes, I think they would be delivered——
Q. The receipts are on 26th May, you have got them.
A. I really cannot tell you, the cheques will speak for themselves.
Q. A third cheque dated 26th May was for £609 12s., and that gets into the hands of Mr. Karlsberg—B. Karlsberg—and the cheque also issued on the 26th May for £620 gets into the hands of Mr. Leopold?
A. That is evident from the cheques.
Q. Yes?
A. Yes.
Q. Now can you tell this committee how it happened that when you owed, or your department owed, £2,451 12s. to the printing company you did not issue one cheque for the whole amount?
A. I could not tell.
Q. You cannot tell?
A. No. I shall make inquiries, have inquiries made for you if you wish.
Q. Can you tell me why two cheques were issued on the 15th May and the other two were held back, not issued, not filled in, until the 26th May?
A. I cannot.
Q. Can you tell me why on the 15th May you made one cheque for £610 and the other for £612?
A. I cannot, but if you give me an opportunity I will inquire and find out for you.
Q. I want your memory now?
A. Yes.
Q. Can you tell me why on the 26th May you issued a third cheque for £609 12s. and a fourth cheque for £620?
A. I cannot tell you.
Q. You cannot tell that?
A. No I cannot tell that.
Q. Was it an accident do you suppose?
A. I cannot tell that, I have no explanation of it in the world.
Q. Do you mean to tell me, Preston that in a very unusual transaction such as this, paying over $12,000 just three years ago this month, when you issued those four cheques on two different dates, four different amounts, and the thing has escaped your mind, that your mind is a blank on that subject?
A. The payments of cheques to Mr. Somerville or the issuance of cheques to Mr. Somerville is by no means a blank to me, but I cannot tell you why they were issued in that form. It may have been that Mr. Somerville requested it, but I shall make every effort to find out for you.
Q. I want to find out now, I cannot wait for Mr. Somerville?
A. I will make every effort to find out.
Q. I want you to try and give an explanation?
A. I cannot give you any explanation.

Q. That is all you say that you cannot explain it?

A. I cannot.

Q. You have no recollection?

A. I have not.

Q. Do you mean to say you would have signed these four cheques in that form without any explanation?

A. Yes. If the totals were correct I would have.

Q. Without any explanation as to why they were wanted?

A. I would.

Q. Would you have held two of the cheques from the 15th May to the 26th without an explanation?

A. Well I would like to know why they were held?

Q. Have you any doubt after seeing these receipts?

A. Well we often get receipts that probably might not be signed until a particular day.

Q. You might get those 11 days after you handed over the cheques?

A. You might. I have known my accountant follow up some of the creditors of the department for some considerable time before getting satisfaction, but I really do not understand it at all.

Q. Will you tell me why when you gave them cheques on the 15th May for £1,222 you took separate receipts for that amount?

A. I cannot tell you, it would be entirely in the hands of my accountant.

Q. Will you tell me why when on the 26th you took receipts, you did not take one receipt showing the whole transaction of £2,451 12s.?

A. I really cannot tell you.

Q. You cannot?

A. I cannot.

Q. As a fact you took a separate receipt for each of these cheques?

A. The records show, yes.

Q. It is so?

A. Yes, whatever the records show will be correct.

Q. You cannot explain that?

A. I cannot.

Q. All that has gone from your mind and it is a complete blank on the subject?

A. I have no explanation to make of it at all.

Q. Is your mind a complete blank?

A. My mind is not a complete blank on the payment of Mr. Somerville's account but about the details.

Q. You know you paid him?

A. Yes.

Q. But you have no recollection whatever as to why you did this in this very unusual form?

A. I have not, but I wish I had. I shall make every effort to find out.

Q. You are a man of business, Mr. Preston?

A. Well I think I have some business capacity, not very much perhaps.

Q. Looking on these two cheques endorsed by Roy V. Somerville and their going into that Lloyd's Bank do you infer that he got the two of them?

A. I could not tell you.

Q. Would you infer that?

A. I know Mr. Roy V. Somerville got all the cheques that were issued.

Q. You believe that, you cannot know it?

A. I am quite positive about it.

Q. But you cannot know it?

A. I suppose you can qualify my evidence if you like. I will swear that Roy V. Somerville, as the Arundel Advertising and Printing Company got every cheque that was issued from my office.

Q. Personally?

A. No doubt by his accounts.

Q. Personally?

A. Personally beyond question.

Q. Were you present on all occasions?

A. No, I cannot say that I was.

Q. Were you present when all these cheques issued?

A. I cannot say that I was.

Q. Then how can you say that?

A. I feel justified in saying it.

Q. You are willing to bet on it?

A. No, I am not willing to bet on it. I do not usually bet, but I will venture that assertion anyway.

Q. Can you tell me why the two cheques that were endorsed by Roy V. Somerville were divided up?

A. I cannot tell you, I have no explanation to make, Mr. Barker.

Q. You cannot even give an explanation as to why one man getting two cheques, one for £600 and the other £612, you divided them into two ?

A. He may have asked for it.

Q. Yes?

A. But of course that is but a supposition and perhaps I am wrong in going that far.

Q. You cannot tell?

A. I cannot tell, no.

Q. Well it seems to sum up this way: That Karlsberg got one third—a little more than one quarter—Leopold got the other quarter, and Roy V. Somerville got two quarters.

A. Roy V. Somerville got it all.

Q. Well, I will put it the other way. According to the documents——

A. Well I cannot prevent you putting any construction you like on them.

Q. Well, can you tell me, if you have a suspicion even where the two cheques of the 15th May went?

A. I would not venture to base any statement on suspicion. As I told you the other day I found that rather a poor basis.

Q. The other two went to different quarters apparently?

A. They all went to the one quarter.

Q. They got to different quarters evidently?

A. If you are giving evidence all right.

Q. Who divided up with Somerville?

A. I cannot tell.

Q. You cannot tell?

A. No.

Q. You did not?

A. I certainly did not.

Q. Did you ever have a transaction of this kind before?

A. In dividing cheques?

Q. Yes.

A. Oh I could not tell you.

Q. Did you ever hear of such a transaction before?

A. I cannot bring one to mind now, but I fancy there are others of the same kind?

Q. Can you recall why it was when you issued the two cheques of the 15th May there was something that caused you to wait over until the 26th May?

A. I cannot. I cannot even say that we waited.

Q. You cannot say that even?

A. No.

Q. They were all signed in successive numbers, there were no intermediate cheques?

A. I think so. They were all delivered on the same day.

Q. You think they were?

A. I think so.

Q. You think they were all signed on 26th May?

A. That I think would go without question. No, I will not say they were all signed on 26th of May. They could not be ante-dated, but there would not be more than a day or two's difference between the signing of the cheques because my accountant is very particular, and Lord Strathcona is also, and I am.

Q. Which day is it you think they were all signed?

A. I really could not tell you.

Q. Why do you think they were all signed in one day?

A. I know the custom of the office.

Q. What is that?

A. I know the custom of the office.

Q. Is it the custom of your office to issue on one day four cheques of different dates?

A. No, I rather imagine not.

Q. I would like to know. You said they were probably all signed on the one day, although two were dated on the 15th and two on the 26th. Which date was it?

A. I really could not tell you, I am sure. I would like to see the accountant's books. Perhaps the Chairman would tell us whether the accountant's books have been sent away or not?

The CHAIRMAN.—I cannot tell, the clerk may be able to tell.

By Mr. Barker:

Q. What were the books you were asking to have sent yesterday?

A. I asked to have the accountant's ledgers, four books returned. They may reveal something.

The CHAIRMAN.—They are here, Mr. Barker.

WITNESS.—No I do not know that they would be here. The stubs of the cheques would tell. I should like to look into it.

Q. These cheques were all paid after the 26th of May?

A. The dates of the cheques? I have forgotten the particular time, but we have gone over it.

Q. One 27th May, another 1st June and so on?

A. Yes.

Q. None of them were paid prior to the 26th May.

A. I cannot recall now the particular dates.

Q. If you signed the cheques on the 26th May, could there be any reason whatever for dating two of them prior to 1st May?

A. I really could not tell you.

Q. Can you imagine any reason?

A. I have no reason to give.

Q. Do you not think it is very probable the first two were signed on the very day or rather filled up near that date?

A. I really could not tell you.

Q. You cannot tell?

A. I would like to see the accountant's stubs. They might give some information.

APPENDIX No. 3

Q. Would the accountant's stubs be in the books?

A. I really could not tell you, but I think we ought to cable for it.

Q. These ledgers would not carry the stubs?

A. I think we ought to cable for it if the Chairman would allow me to make the suggestion and I am not out of order.

By the Chairman:

Q. The question is whether the stub books are to be found amongst the books here?

A. I think not.

By Mr. Barker:

Q. I saw no stub-book there. Well, on the 15th May it is perfectly clear you had somebody in your office—by the bye—who wrote these?

A. Let me see the cheques and I will tell you. Yes, these cheques are in my accountant's handwriting.

Q. What is her name?

A. Miss Gardiner, at least that is the name of one of them. You think these cheques are all in her handwriting?

A. They are all in her handwriting.

Q. And I suppose the receipts too ?

A. The receipts are her handwriting too.

Q. She filled up these cheques without your direction?

A. Certainly not. She might fill them up if Mr. Somerville came in and asked to have them put in that way. She would fill them and bring them to me for signature. And if she just brought me the account and the total of the amount required to be paid that would be the end of it.

Q. Do you mean to tell this committee that your young lady accountant would fill up cheques for £2,450 without your instructions?

A. She would not fill them up without my instructions, that is to say she would not make out the cheque without my instructions.

Q. That is what I am asking you.

A. But if she came to me with the Arundel account and there was money in the bank, or a prospect of money, to pay the account I would tell her simply to issue the cheque.

Q. Would that not be directing her?

A. I suppose it would.

Q. There you see you will fence around the question ?

A. No, I beg your pardon, I am not fencing and you have no right to tell me that I am.

Q. I do think you are fencing?

A. I am not fencing, you will pardon me for telling you so. I am entitled to your respect.

Q. I am entitled to your answers?

A. You will get my answers.

Q. I am asking you if she would fill up these cheques without your direction. After several answers you say she would not fill them up without your direction.

A. She would not make out the cheques without my giving a primary direction. She might make out the cheques if Mr. Somerville came down and asked to have them made up in different amounts. That she would do without my direction.

Q. Then she would fill up the cheques without your direction?

A. Surely I have made myself plain.

Q. You state that if Mr. Somerville came and asked for cheques in different amounts she would fill them up?

A. If the accounts showed we owed Mr. Somerville $3,000 or $4,000 and she brought me the cheque with the accounts as being correct, I would tell her 'We will pay it' if we had the money in the bank. She would then make out the cheques, or she would feel at liberty to make out the cheques if Mr. Somerville asked her to make them out without my particular orders.

Q. That would be before you signed them?

A. Before I signed them, yes.

Q. Then when she would bring you these four cheques of different amounts, two of one date and two of another date, would you ask for any explanation?

A. I might or I might not. There might be a memorandum attached to the cheques, pinned to them, showing the total amount they wanted to be paid?

Q. And you would sign without a word?

A. I do not say without a word. There might be a memorandum which might be sufficient or she might bring me an explanation.

Q. And you would not be able to tell us three years afterwards whether you had any recollection whatever?

A. I certainly would not, issuing thousands of cheques in the office, and I have a very thorough and capable staff.

Q. I see that up to the 15th May you had got up to 789. I have signed more than that number of cheques myself, and I think I would not forget in five years?

A. I think I would like to cross-question you on your business every week and see how you would get on.

Q. When these cheques come back do you see them?

A. I do not, Mr. Barker.

Q. You never saw them?

A. No.

Q. You think this capable young accountant of your's getting these cheques back with Leopold's name on them would not call your attention to them?

A. No.

Q. She did not?

A. No.

Q. Has she been in the habit of seeing Leopold's name on the cheques?

A. I cannot tell you.

Q. These endorsements frequently came back to your office?

A. I really could not tell you. I do not think I ever saw the returned cheques in my office.

Q. If she saw Leopold's name on the back of a cheque for £600 would she not think that was a matter to which she ought to call your attention?

A. I do not think it.

Q. And the same with the cheque endorsed by Mr. Karlsberg?

A. I do not think it.

Q. These four cheques, two of them being endorsed by Roy V. Somerville, one by Karlsberg and another by Leopold, never came to your notice?

A. I never heard of it before. If I had I would have taken your offer yesterday and looked at the cheque when you passed them over to me when we were sitting here. But the thing never even occurred to me.

Q. This must be very interesting to you?

A. It is more interesting to you.

Q. But I am not an officer of the department?

A. But a very good watch dog.

Q. I am treating you with all respect?

A. You have treated me, Mr. Barker, with very great respect and I have nothing to complain of although I am a little tired.

Q. What strikes me as very odd, and I tell you frankly is how anybody got at those two first cheques of £600 and £612?

A. I shall do my best to find out for you, not what I may suspect but what I can tell you as a fact.

Q. You told us the other day the reason why Karlsberg's name appeared on one of them was that Roy V. Somerville was going to the continent ?

A. Yes, I remember that occurrence.

Q. And that you had directed him to go to Karlsberg ?

A. I gave him the names of two or three parties.

Q. One of them was Karlsberg ?

A. One of them was Karlsberg, yes.

Q. And you still think it went in that way ?

A. I could not tell you.

Q. You could not tell ?

A. I could not tell you.

Q. Mr. Roy V. Somerville must be in a pretty way. He got on the 27th May and 1st June altogether £1,200, why was he so hard up ?

A. I could not tell you. I have known him a while and I must say I have not known him of late years to be hard up.

Q. Will you swear he went to the continent that time ?

A. I can tell you he went to the continent at one time, and I remember it very well because I gave him the address of some parties there and told him where he could get accommodation at Berlin. I well remember him asking for information as to how he would get along on the continent.

Q. That is all I wish to ask on that particular point. If Mr. Gervais wants to explain things he can do so ?

A. There is nothing more to explain.

By Mr. Gervais:

Q. The accounts for which these four cheques were given were filed in the office of the High Commissioner on the 1st May, 1903 ?

A. I could not tell you what time it was filed.

Q. 1903 ?

A. The work was done evidently some time before the 1st of May because the 1st May is rather late for emigration work, and I see this account contains—at least there is one item for an eight page western Canada newspaper which we issued very early in the year in every case, certainly not later than some time in January. Therefore I would judge all the accounts were delivered some time previous to that.

Q. At any rate you had an account filed in your office by the 1st of May, 1903, for—

A. £2,701 12s. and that account is absolutely correct.

Q. Is absolutely correct ?

A. Yes.

Q. The goods had been delivered ?

A. The goods had beeen delivered.

Q. For many weeks before ?

A. For some time before.

Q. And then in payment of that account of £2,700 you issued those four cheques ?

A. Issued all the cheques apparently on that file.

Q. Is it not very usual in business to have a large sum paid in several cheques at the request of the creditor ?

A. I really could not tell you as to that. That is my only idea of this that that is the way it was done.

Q. You know it is done very often ?

A. Well, I cannot say that it is. One hears that it is but I have not much to do with business.

Q Do you think it was just as well for Mr. Somerville when going on the continent to have payment by cheque of the government of Canada ?

A. I could not give you any explanation about it at all.

Q. It would be just as good to have a government cheque as an ordinary cheque on his own bank ?

A. I really have no theory about it at all. I would prefer not to go into that.

Q. Who is Mr. D. Somerville ?

A. I really could not tell you.

Q. As a matter of fact the four cheques have been signed or endorsed 'D. Somerville, manager.'

A. Apparently so.

Q. That is apparently so ?

A. Yes.

Q. One of these four cheques has been signed 'Roy Somerville' ?

A. I think there are two, Mr. Barker says so, I fail to remember the particulars as we went through them.

By Mr. Foster :

Q. Would D. Somerville be a son of Roy Somerville ?

A. He has not a son.

Q. Is he a brother ?

A. He has not a brother.

Q. You really do not know who D. Somerville is ?

A. I really do not know. It may be a letter misplaced, I really could not tell you.

Q. It was always signed D. Somerville ?

A. Yes.

Q. Then there is Roy V. Somerville ?

A. I really could not tell you about that, but Roy V. Somerville as I said here, all I know is the only member of the so-called Arundel Printing Co. It is a very common thing in London for a man to advertise himself as a company.

Q. You say it is quite a common thing for a man to sign himself as a company in London ?

A. I know quite a number in connection with our own emigration business ; I could give the Committee the names of a half a dozen, who are simply booking agencies which advertise themselves as companies.

Q. Is there not a penalty for that kind of misrepresentation ?

A. They do not call it misrepresentation ; evidently it is quite a common thing.

Q. What do you have to do in order to use the word 'company'?

A. I do not know that they have to do anything.

Q. Just rise up and call themselves a company ?

A. Yes, unless they have the word 'limited.' Then they always have to be registered.

By Mr. Gervais :

Q. Do you not know that in most countries there are laws relating to the taking of the name of 'company' by single persons ?

A. I do not.

Q. Do you know that in the city of Montreal there are from 4,000 to 5,000 single persons doing business under the name of different styles of firms, joint stock companies, &c. ?

A. I do not, but I know there are a number I have come across myself in London.

Q. Do you not know that provided there is a declaration filed before the clerk of the court there is nothing to complain of.

A. I do not know whether there is, or what form is gone through with in England.

APPENDIX No. 3

By Mr. Barker :

Q. Mr. Preston, among the productions sent out by Lord Strathcona there is a copy of a letter from you to him, dated April 10, 1906.

'Dear Lord Strathcona,

'I have been unable yet to get the articles of association or incorporation for you of the North Atlantic Trading Company. The Company's solicitor has, very properly I suppose, communicated with them for permission to give me a copy, a permission which I am sure he will get in the course of a day or two. I have asked him to get a reply by wire, and that I will pay the cost of it.'

Q. Where was it he wired to ?

A. To Amsterdam.

Q. To Amsterdam ?

A. Yes.

Q. You go on 'since you did me the honour to call I have not failed to give the subject my personal attention; nevertheless I was glad to receive your letter as a reminder this morning. As I told you yesterday, I do not know who the gentlemen are composing the North Atlantic Trading Company.' Was that strictly true ?

A. Quite true.

Q. You did not know one of them ?

A. I had a suspicion, I could not say positively that I knew one of them. I am speaking now outside of the manager and secretary.

Q. Do you mean to say that was a candid letter for you to write to Lord Strathcona ?

A. I think it was.

Q. On the 10th of last month ?

A. I thought it was.

Q. 'I do not know who the gentlemen are composing the North Atlantic Trading Company.'

A. Yes.

Q. Did you say that on your oath here to this committee that you did not know who these gentlemen were ?

A. I say I know who they are now, at least, not that I know them all, for I glanced at the list very hastily.

Q. Have you not known some of them all the time ?

A. I had a suspicion as to some of them, and I found these suspicions were verified by yesterday glancing at the list. Last month—

Q. Was it only on that suspicion that you inquired as to the financial standing of these gentlemen ?

A. I inquired into the financial standing of those gentlemen whom I met at Hamburg, Berlin, Bremen and some other places in 1899 and I thought it not unlikely that all those whom I then termed the syndicate were forming themselves into the company.

Q. And on that you thought you could tell Lord Strathcona you did not know ?

A. Yes, because it eventually turned out they did not all go into the company.

Q. Do you not know some of them, have you not known some of them, all the time the company has been in existence ?

A. I have not, I have had a fairly good suspicion about some of them, a suspicion which I will put as an idea.

Q. You say on that knowledge of the people you are talking about you undertook to assure the Government of the financial standing of those people.

A. The financial standing, as I explained yesterday, of those whom I met in the continental cities.

Q. You now say you did not know they were in the syndicate.

A. Yes, and I tell you now that some of those we supposed were in the syndicate as we now find out did not go into the company.

Q. Did you not tell us that one of them was worth 5,000,000 marks ?

A. What I said was that if one whom I thought was in there, that he was worth 5,000,000 marks, yes.

Q. You could not tell whether he was in ?

Q. No, I think if you will read my evidence you will see that is what I said.

Q. You could not qualify that sentence in your letter to Lord Strathcona in which you give a broad denial of knowing any of these people.

A. That is knowing it sufficiently to give information which this Committee or Lord Strathcona desires.

Q. I suppose when you sent that report to Mr. Smart and the Minister of the financial standing of these people you intended them to rely upon your word ?

A. I did.

Q. It was not worth much was it ?

A. Yes, the general results show that. While it may be wrong as to individuals as to my estimate of the standing of those who are in the syndicate, it is fully justified by the result.

Q. Did you tell the government or Mr. Smart that you were only giving your opinion upon some people that you suspected might be in the syndicate ?

A. I did not.

Q. You knew who they were ?

A. Yes, I knew.

Q. You spoke all about them ?

A. I do not know that I spoke all about them to Mr. Smart.

Q. That they were going to put up $200,000 into this thing ?

A. Yes.

Q. And you only suspected all those you met were going into the syndicate ?

A. No, I believed all those whom I met there were going into the syndicate. I want to be frank about that and to make myself clear to the committee.

Q. You go on, in the early history of the negotiations the then representative of the suggested syndicate made it a *sine qua non* that the personality of those who proposed carrying on an immigration propaganda on the continent would not be revealed, in view of the fact that they might possibly get into trouble with the authorities in the different countries.'

A. You will find that in a letter of mine to Lord Strathcona of the 26th of May, 1899, I think, or some early letter.

Q. Was that true?

A. That they did not want their personality disclosed?

Q. Yes.

A. Quite true.

Q. Were they afraid ?

A. They were afraid. I think I made that very clear in the first day's evidence I gave.

Q. I think you made much more than that clear. I am just asking you were they the people who raised the question about the legal difficulty?

A. Not about the legal difficulties, no, they were the people who raised the question about their personality.

Q. What is the question of their personality except as to their liability to the law?

A. That is a legal phrase and you will have to work it out yourself; I was not discussing law but discussing a fact.

Q. But the knowledge of these men's personality could only be an objection if they rendered themselves liable to the law?

A. That may be argument, but it may not be a fact.

Q. Were they the people who raised the question of the law?

A. They were the people who raised the question of their personality being known, and they made it very plain to me that they wished it should not be known.

Q. Did they want secrecy because they were afraid of arrest or anything of that kind?

A. They wanted secrecy because they were afraid of getting into trouble with the authorities.

Q. That is on account of the law?

A. Because of legislative enactments and police regulations.

Q. Well, now I will refer to some of your letters?

A. Yes.

By Mr. Foster:

Q. You have violated the general rule of conduct you laid down a little while ago I am afraid.

A. In what particular?

Q. You said you thought suspicion was a very bad basis to go on?

A. Yes, I think it is.

Q. You have given proof of it this time ?

A. The exception proves the rule I think.

By Mr. Barker:

Q. On October 4, 1899, you wrote 'My dear Mr. Smart' and after dealing with some other portions of the terms suggested for the contract you go on and say this, 'in the memorandum handed you before leaving the office yesterday, I noted Lord Strathcona's suggestion that the Canadian government's legal agent in London should be consulted as to the possibility of international complications arising from arrangements of this kind being affected. You left no instructions upon that point, therefor, if in a general way you approve of the memorandum, I will take it for granted that you do not consider there is occasion for legal advice and that the government do not express any fear on that score. I may say that I will discuss that phase of the question with the syndicate when I am meeting them in Hamburg and will also make it a point of conversation when visiting the embassy secretary at Berlin. Trusting you will have had a pleasant voyage, believe me, Yours very truly.'

A. Lord Strathcona raised the question about the possibility of international complications after our meeting in Glencoe House in Scotland and a preparation of the memorandum by myself, which was afterwards revised by Mr. Smart and himself, on the general outline of the proposed arrangement.

Q. You intended to go to Hamburg and you proposed there to discuss that view of the question with the syndicate there?

A. Yes.

Q. That means the law objecting to the sending of emigrants to Canada?

A. Well, it is a question——

Q. The question having been raised by Lord Strathcona you said you would discuss that with the syndicate?

A. Yes, I claimed, as I claim now, that we were doing no more under the present than we were under the former arrangement which view was afterwards coincided in by Lord Strathcona in his letter to the department of the 15th November, 1899.

By Mr. Foster:

Q. And with reference to which there was no secrecy?

A. There was no secrecy under the former arrangement, the principle of which was general, but there was no propaganda carried on then.

By Mr. Barker:

Q. On the 23rd October, you wrote again to Mr. Smart, I do not take what relates to other branches of the subject, but in that letter you say:

'In view of the peculiar character of the German law, after seeking advice here, all parties concerned consider it better that Germany should not be included in this agreement, but a solution will be found subject to your approval for that phase of the work so that no fear of complications of any kind need be indulged in. Proceedings have already been taken with a view to having this work bring forth satisfactory results and clerks from various offices who have had charge of different branches of emigration work have already been engaged, and by the time this letter reaches you, advertisements will appear in one hundred or more newspapers in different districts of the countries forming part of this agreement.'

Then you go on to talk about literature. So far you do not seem to have met with any difficulty.

Then on the 27th October you write to Mr. Smart, 'I have given a report to the High Commissioner so as to place on record the purport of the conversations and verbal negotiations here upon this question'?

A. Where is that from, Mr. Barker?

Q. This is dated, it is a copy, on the paper of 17 Victoria street, London, S.W.?

A. It refers to negotiations with Lord Strathcona, I fancy, however, it will be revealed as you read on.

Q. It is immaterial, it does not matter, I think?

A. I think it does.

Q. You go on 'A copy of which His Lordship will probably forward to Ottawa by this mail. I will forward by this mail also a copy of the opinion given by Mr. Knox, which was the subject of cable communication between the London office and the department at Ottawa this week.' Mr. Knox was consulted on the legal complications was he not?

A. Mr. Knox was consulted on the possibility of international complications.

Q. 'I would like to point out as to the "opinion" that, while at first glance it seems clear, and certainly could be used as an argument to restrict emigration work on the continent—and is so regarded I may add—a careful reading will I think convince you that it is based upon the law as it exists in Germany, and applies that law to other countries. Or it may be taken simply as an expression of opinion that such a proposed agreement should not be made, on account of the risk of diplomatic difficulties in relation to all the countries in Europe including Germany. It might further be taken—and it certainly by very careful reading bears the construction—as an extremely studied effort to fill up the page of legal paper with an opinion which might mean anything or nothing.'

A. That was my opinion.

Q. Now, here is your opinion upon Mr. Knox's opinion—'I would like to point out to you, for your consideration in the first place, that the people with whom I was to deal are experienced booking agents, and have, outside of the legal advice which they have received from time to time, become fully conversant with every phase of the law affecting the booking agents, and they receive, not only from the governments of the various countries owning the railways, a commission on all tickets sold, but also from the steamship companies as well, while it is well known to the authorities that many thousands of passengers are emigrating to every part of the world every year.

'The agents with whom I negotiated, in conversation when I called them together to read to them this opinion, not only treated it indifferently, but pointed out the absurd contention that they were debarred from receiving a commission from the Canadian government, any more than being prevented by law receiving a commission in the ordinary transactions of their business.'

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Q. And these are the gentlemen who wanted secrecy on account of the law ?

A. I did not know I had put it so well, Mr. Barker, for present reading, I must admit.

Q. 'Then I would like to draw you attention to the fact, that, considering for a moment that this question is intended to embrace all European countries, that there is absolutely no law to prevent inducements being held out with a view of inciting emigration in Holland, France, Switzerland and Belgium at the least, while Denmark, Sweden, Austria, Hungary and even Russia and Roumania allow advertisements from steamship companies and booking agents, the subject of the publication of which is to offer information to intending emigrants, while in Germany agents are allowed to furnish information in response to applications by intending emigrants.'

A. You see that we wanted to go much farther than we had hitherto gone.

Q. I want to point out to you that in your conversations with the syndicate they were not at all nervous, that is all.

A. You will have some difficulty in proving that here from my correspondence.

Q. 'Every phase of this question was considered by those forming the syndicate with whom I effected my arrangements, and when I naturally expressed my fears less trouble would come to them on account of their work, they reminded me that they were living there, and that each one was to the laws of his own country and knew too well the responsibility incurred by rushing in the face of the laws and the authorities,

A. And that at that time they had a pledge of secrecy given by me and confirmed by the department.

Q. You cannot produce a line of writing on that subject ?

A. Well, I will refer to the ex-Deputy Minister and the Minister and see what they have to say about it. And also the letter of Lord Strathcona to the department in which he said, secrecy was absolutely necessary.

Q. He received full information from you and I have no doubt that he acted upon it ?

A. And there was some one at Lord Strathcona's elbow all the time in the person of Mr. Colmer who was trying to destroy the effect of our work.

Q. Lord Strathcona was taking care of his own work ?

A. Yes, he was, and we would do nothing, we did not do anything of that kind without his cognizance, and we could not have completed anything without his approval. We would not have thought of it for a moment.

Q. There is another letter from you to Mr. Smart on October 25, 1899, still while the subject was hot and you refer———

A. It was pretty hot just then.

Q. You refer to an interview with the High Commissioner on October 17, 'in relation to the suggested legal opinion, about which you will remember I spoke to you before your departure for Canada. I told him that you were under the impression that this was a question of government policy and not one about which there was any occasion for legal advice ?'

A. Oh, yes, I argued that out very strongly and I still think so.

Q. 'However he was very anxious that nothing should be done, which could, by any possibility, bring about entanglements or complications with the colonial office ?'

A. So were we all.

Q. 'So that, in deference to his objections on this phase of the question, I went to the office of the Hon. Charles Russell, the Dominion Government legal agent,' and was introduced to one of his partners and got the legal opinion.

A. Yes.

Q. When you went to the lawyers office for conference and then you tell Mr. Smart what you said to the lawyer you say 'I told him in a general way what the law was relating to emigration on the continent of Europe, and asked him whether he

could suggest anything further ; also pointing out in a general way that this was a question of government policy which had been decided upon at Ottawa ?'

A. Quite so.

Q. Now in the face of that was it quite right to represent Lord Strathcona as having been the party who negotiated this wonderful contract that you called your contract ?

A. I never said Lord Strathcona negotiated it.

Q. If anybody did do you think it was fair ?

A. I never said Lord Strathcona negotiated it.

Q. If anybody did do you think it was fair ?

A. If anybody said that he will have to settle with his own conscience on that score.

Q. Was that a fair statement to make ?

A. That Lord Strathcona negotiated it ?

Q. Yes.

A. Whoever made the statement will have to settle with his own conscience, I am not expressing any opinion as regards anybody else.

Q. Is it a fair statement to say that Lord Strathcona was in any sense responsible for negotiating that agreement ?

A. I am not criticising that remark, if such a remark was made, I am simply answering for myself.

Q. Under all the circumstances was Lord Strathcona responsible for that agreement ?

A. We could not have gone on with those negotiations without Lord Strathcona's assistance and we could not have concluded them without his approval. I have only to refer you to the correspondence.

Q. What was your report upon May 29, upon that subject ?

A. I could not tell you, if you will please let me see the letter I will have much pleasure in reading it.

Q. I almost dread to take one of your letters they are so long.

A. I dread being asked to read them I must admit.

Q. You went over to London about February, 1899, did you not ?

A. I think it was about February, yes.

Q. You went over about February, 1899, didn't you ?

A. 1899, I think it was February—yes, at least I was there at Easter, 1899.

Q. And how soon after that did you make any report to Lord Strathcona ?

A. About the continental business ?

Q. About anything ?

A. Or anything ?

Q. About emigration ?

A. About the work ?

Q. Yes.

A. Oh, we began conferring almost from the day I reached there.

Q. But I mean your reports. Was your first report in May or June?

A. I really cannot tell you. It would be there on the file. I had a good many personal conferences with him before anything——

Q. I am speaking of your formal report, submitting formally what you did?

A. About the continent or Great Britain ?

Q. I am speaking of the whole subject generally. Didn't you go for four or five months about Great Britain and on the continent and then make a report on the condition of things? I am speaking generally.

A. I made a report to Lord Strathcona on my return from the continent. I could not give you the date of it. If you will let me see the file I will look it up.

Q. You did make a report?

A. Immediately after my return from the continent.

Q. Did you make a formal report until this of November ?

A. Oh, yes.

Q. How many?

A. I cannot tell you.

Q. Can you put your hands upon one that you made until that of November?

A. They must be in the files of the High Commissioner's office, because I remember very well making a report to him on my return from the continent about the non-distribution of literature and finding it packed up in booking agency offices all through the continent, and I made him that in a quasi-confidential way.

Q. In May, 1899, when you went into everything?

A. Possibly so.

Q. In May, 1899, you began your negotiations with this syndicate?

A. Either the latter part of April or beginning of May.

Q. April or May, 1899. You continued these negotiations all summer, did'nt you?

A. Off and on.

Q. And Mr. Smart took that up with you in October?

A. Oh, I think Mr. Smart was there in August—certainly earlier than October.

Q. Did he take that question up before October?

A. The first time he reached London he took it up.

Q. In August or September you and Mr. Smart were discussing it. When did you begin to discuss it with Lord Strathcona?

A. I began to discuss it with Lord Strathcona within twenty-four hours after my return from the continent in May. I am quite positive about that.

Q. There is a letter from Lord Strathcona on that point?

A. Yes. I remember the earlier one, because it was of a quasi-confidential character, was so regarded, and was copied by one of the officials in his office and sent out to one of the other officials here with a view of questioning something that was in it—one of the evidences of what I was up against in the office.

Q. I see your report is on the 29th May, 1899; it is here?

A. Yes, Mr. Barker, I think you will find it there.

Q. I will not read it all, because I think it is nearly twenty pages.

A. I think it was nearly twenty pages.

Q. This seems to be the suggestion you made on that subject:—

(Reads.) 'Briefly my suggestion might be outlined in this way. That there should be in each of these countries a central agency, not known publicly as a Canadian government agency; that an arrangement be effected whereby all literature for the furtherance of the emigration movement should be distributed by the agency in question; that a bonus per head, the amount of the bonus to be such as may be agreed upon, be paid direct to this or these central agencies. That the department should fix the standard of the prospective emigrants, their class, character, and their financial resources, and that only for emigrants reaching the standard shall any bonus be payable.'

That was your suggestion?

A. That was my first suggestion in writing to Lord Strathcona.

Q. That was the first suggestion of what became the syndicate?

A. That was the first official communication out of which eventually evolved the North Atlantic Trading Company.

Q. Lord Strathcona writes to the department in regard to your various suggestions in June, 'B' 4. This is in the introduction. What he says on that subject is:—

'Mr. Preston's suggestion with regard to some central organization in the different countries may be worthy of consideration later on. Probably he will develop his proposals, and we can then see how far they are practicable.'

That is what you would call the opening up of that subject. Now, the next step on it was in October or November following that you reported to Lord Strathcona, the interview you had in October and the various meetings you had with the syndicate?

A. There were a great many steps between, Mr. Barker.

Q. Well, perhaps we can leave that to the papers themselves to show.

A. There is the memorandum to which I referred in my letter to Lord Strathcona of October 26, referring to the result of an interview between Lord Strathcona and myself at Glencoe House, probably in September.

Q. Was that about the syndicate?

A. It was altogether about the North Atlantic Trading Company.

Q. Wasn't it about the little troubles in the department?

A. Oh, no, the troubles came up incidentally, because some insulting letters came from some of the agents. That I am very clear on, that there was such a paper.

Q. Now, I have read to you, Mr. Preston, your own correspondence, with Mr. Smart on the subject of this legal difficulty, and what you wrote to Mr. Smart as to the views of the syndicate, the ticket agents, how they treated the difficulty with contempt. Why do you say they wanted secrecy ?

A. Because they did.

Q. For what reason?

A. From the beginning.

Q. That there was no danger of arrest or legal proceedings ; they had scoffed at the idea of danger, say they had been doing that business for years and understood it. Why did they want secrecy?

A. They had not been doing it in the way we wanted it done, but in a way out of which we got no return. I wanted it done in the way that we would get a return for our work, and we have since got a return.

Q. You had been negotiating with them from May to November?

A. Yes.

Q. And you had got this proposition in writing on file as it is?

A. Yes.

Q. They knew all you wanted and you told Smart they scouted the idea of danger, recognizing what they were talking about, and knowing their own laws they said it was nonsense?

A. No, along the lines that they had been working on. They wanted secrecy about the work they were to undertake.

Q. Will you tell us why?

A. I have told you why.

Q. It was to be confidential, private.

A. And it was discussed with Lord Strathcona, and Lord Strathcona pointed out in his letter the necessity of it.

Q. If there was no danger from the law, if for years they had been doing all the things they mentioned in that letter I have read and carrying on their business and knowing all about it, why should they want secrecy?

A. Because they were to do more than they had been doing.

Q. But they knew what they were doing and still thought it was all nonsense—the legal opinion they were talking about?

A. No.

Q. Mr. Knox's legal opinion you were talking about ?

A. Yes, I see, and Mr. Knox's legal opinion talked of international complications. He was not dealing at all with the details of the work on the continent.

Q. Do you mean to contend that this argument they were using pointing out to you they had been conducting an emigration business for years—it was done publicly and openly?

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A. In a kind of a way.

Q. That the government knew what was going on?

A. In a kind of a way.

Q. They knew that thousands were being taken away and there was no fear ?

A. No, they did not know they were carrying on a propaganda to take people away, but you will find there the term, 'giving information to inquirers.' Our object was to promote their inquiry, which we succeeded in doing.

Q. Can you point to one word in writing where any member of that syndicate professes to be afraid of the law?

A. Not in writing, not in my letters.

Q. Anywhere?

A. In Lord Strathcona's letters?

Q. I say, in all of the correspondence.

A. I am telling what was the fact.

Q. I want you to answer that question. Can you point to one word anywhere in all this correspondence to show that these people were afraid of the law.

A. I have not gone through all the correspondence to see, but I know very well it was discussed. I know it was presented, and I know the position that was taken in the matter, and I wish it had not been.

Q. Did you tell the truth in your letters to Smart at that time?

A. I did. We were beginning on our large propaganda.

Q. Now, Mr. Preston, you know all the names ?

A. Well, I think after a glance that I had I could sit down and write most of the names, probably all of them.

Q. At all events several of them beyond a doubt ?

A. Yes.

Q. You were entrusted with them under seal ?

A. I was.

Q. And you were given authority to break the seal ?

A. I took the letter that accompanied them as my authority to break the seal.

Q. Your letter to the company.

A. My letter from the company which accompanied the letter, as authority to break the seal.

Q. Where is that letter ?

A. It is in Ottawa.

Q. Where is it now, have you got it under your hand ?

A. I have not.

Q. Is it——

A. I can get it.

Q. You have not produced it here ?

A. No, I have not.

Q. Will you produce it ?

A. No, I will not, because there were some names mentioned in it. The letter was strictly confidential. It comes back to the old question that has been pretty well threshed out.

Q. You refuse to produce it?

A. I do, for the reasons I have given.

A. Writing on this subject they have written to you in confidence ?

A. Yes, in strict confidence.

By Mr. Foster:

Q. You told me yesterday that you had that letter, that you would look it up and that you would let me have that portion of it which authorized you to break the seal?

A. Yes, that had slipped my memory. I will try and meet you to-day with it if I can get the letter to-day. In fact, I would rather give you, on your honour, the whole letter, than withhold it.

Q. I do not want it. I want it for the Committee.

Q. Have you produced it for any one else?

A. I have.

Q. Did you make communication of that letter to the person to whom you gave the names?

A. The letter is in the same place, yes. I had no place to keep it without danger of losing it.

By Mr. Barker:

Q. Did you make communication of that letter or of the names to any officer of the government?

A. To no officer of the government, no.

Q. To any member of the government?

A. I decline to say.

Q. You did, however, make communication to some person the names of the——

A. I showed him the list, yes.

Q. And you considered you had authority to do that?

A. I considered under the letter I had authority to do it, yes.

Q. Did that authority limit you to any particular person to show it?

Q. Yes, it did.

Q. It only gave you authority to show it to one person?

A. Yes, and I went beyond the authority.

Q. Did you show it to more than one person?

A. No.

Q. Another person than the authority prescribed?

A. Yes.

Q. You did then show it to some person beyond the authority?

A. Yes.

Q. Will you now give that information to this committee?

A. No, I will not.

Q. I asked you to state to this Committee the names of the persons who to your knowledge belong to that company?

A. You have already had my answer.

Q. I ask you again to state the names?

A. I will not, with all due respect.

Mr. BARKER.—Is that a proper question, Mr. Chairman? I asked him to state to this Committee the names of the persons whom to his knowledge are members of the company?

The CHAIRMAN.—Surely we have had that before.

Mr. BARKER.—I want to ask him again. He has now got the names from looking at the papers.

Hon. Mr. FIELDING.—You asked that yesterday.

Mr. BARKER.—I did not ask yesterday one question about the names of the parties, never suggested it for a moment. I asked him to state if he knew the people and he refused to answer. I want your ruling as to whether this is a proper question.

The CHAIRMAN.—You had better answer the question, and save us wrangling.

WITNESS.—You will have to pardon me, Mr. Chairman, I cannot answer it, for the reasons given.

By Mr. Barker:

Q. You say you cannot, or will not? Will you answer it?

A. No, sir, I will not.

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Mr. BARKER.—I move that the question and the answer and the Chairman's ruling be reported to the House.

Hon. Mr. FIELDING.—I second that.

The motion was carried.

By the Chairman:

Q. Mr. Preston, will you look at exhibit 'G' and read to the Committee portions of the letter which I think are material to the inquiry. Read from the letter of 23rd March, from Lord Strathcona to Mr. Sifton. I do not think you have read that before?

A. No, I have not. Shall I read it through?

Q. Read that portion that I have marked.

A. (reads). 'In my discussions with the steamship agents, I impressed upon them that the government were sensible of the efforts they had been making to promote emigration to Canada, and that while a reduction in the rate of bonus now being paid was being considered, there was no desire to do anything which might appear harsh or illiberal. In fact I tentatively mentioned, that while perhaps the government, although I could not speak with certainty, might decide to reduce the commission in the case of Galicians shortly, any general reduction on emigrants from other countries would probably not take effect until the end of the present season, say the 1st October.

'The agents, however, while not questioning the right of the government to make any change, thought that it would hardly be fair to do so at the present time, just at the beginning of the season, when the result of their winter's work and expenditure might begin to appear.

'All the agents claim that they have been very active in organizing the movement from Galicia. They say they have obtained from the people who have already emigrated and in other ways, an immense number of addresses in the country, and that they have been in correspondence with these people for months past, sending them letters and pamphlets. They have also agents working surreptitiously for them. Of course the laws will not permit anything in the direction of encouraging emigration, and these sub-agents are generally pedlers, hawkers and others, who are moving about the country, and in that way disseminate quietly and effectively quantities of literature.

'They have also spent considerable sums in advertising, such as the law permits. Although it is quite possible they may exaggerate their efforts and expenditure, there is no doubt in my mind that they have been spending both time and money in the endeavour to increase the business from Galicia. They claim, in many cases, that they have done more work than Professor Oleskow has, and the tendency seemed to be to underestimate the position of that gentleman, although one or two of the agents admitted that he had some influence, and was able to secure an amount of publicity for Canada which they could not do. At the same time, it is only right for me to add that they all appear to have been in communication with Professor Oleskow, and to have made him offers of pecuniary consideration in the event of his working through their particular agencies.

'Mr. Ballin, of the Hamburg-American Steamship Company, also took the view that he thought it would not be wise in the interests of Canada to reduce the bonus, either on Galician or other emigrants to Canada, just at present. He strongly advised that any reduction to be made should take effect from the close of the present season, say from the 1st of September or the 1st of October, and he was of the opinion that, in order to secure the continued interest of the agents, it would not be well to make too great a reduction.

'I pointed out to the agents that we did not want paupers or persons without means, and that they must endeavour to send only persons who will have some money

in hand after their arrival. They claimed that this had always been their policy, and none would accept the responsibility of having sent out persons of the poorer classes. It was clearly stated by me that any departure from this rule might prejudice the continuance of the arrangement, and this matter should be referred to in any circular we may send out to the agents, as the result of my recommendations in this letter.

'After thinking the matter over very carefully, I have come to the conclusion that we had better not disturb the existing arrangement at present, especially in view of the fact, as already stated, that taking the whole of the continental emigration as the basis of the calculation, we do not pay $5 per head but only $2.50. What I recommend is that we should advise the agents at once that the government have decided to continue the bonus during the present season, but that from the 1st of September or the 1st of October next, it will be reduced from $5 to $2.50 per adult.

'I shall be glad to hear from you on the subject at your convenience.

Believe me,

Yours very truly,

(Sgd.) STRATHCONA.'

Mr. CHISHOLM (Antigonish).—What is the date of that?

The CHAIRMAN.—March 23, 1898.

By Mr. Barker:

Q. That is the year before you—

A. The year before I went over there.

Q. The year before you began negotiations with this syndicate?

A. Yes.

By the Chairman:

Q. The year before your appointment?

A. Yes.

By Mr. Barker:

Q. And the following year after that letter you were sent over with specific authority, or with authority, as inspector?

A. Inspector, yes, to carry on an active emigration propaganda if possible.

By the Chairman:

Q. Will you now read extracts from a letter of the same date, 23rd March, 1898, from Lord Strathcona to Mr. Sifton, from the paragraph beginning 'Mr. Ballin also gave me'—

A. (reads). 'Mr. Ballin also gave me some information about the new German law in regard to emigration. It is to come into force, as you know, on the 1st of April next. Its provisions, on the face of it, do not appear to be much more stringent than those of the old Act, but its administration is expected to be much more severe. The regulations are not yet issued, and both the companies and the agents appear to be in a state of much uncertainty as to what their powers are to be in the future. They seem to think, however, that more difficulties will be placed in their way than hitherto. Mr. Ballin is a member of the commission for the working of the Act. While the Bill was passing through parliament, he stated that there appeared to be a feeling in favour of prohibiting altogether emigration to Canada. He does not think, however, that this is likely to be done, and I am of the opinion, especially in view of the fact that if such a regulation was passed, the business of the Hansa line of steamers, which is practically the Hamburg-American Company, would be done away with. That steamship company is one of the powerful corporations in Ger-

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many, and I hardly think that anything so contrary to their interests will easily be carried out.

'So far as I could gather from all persons I consulted, emigration from Germany has fallen to a very low ebb. It is practically not more than a fourth of what it was a few years ago, having fallen from a quarter of a million to less than fifty thousand during the last year. This is attributed partly to the reports from the United States, and partly to the better times that are prevailing in Germany, workmen being in much better demand, and at higher wages, than they were.

'We cannot, therefore, in view of the restrictions and from other causes, hope to get many emigrants from Germany proper at present, but we must continue our bonuses there, and encourage the steamship agents as much as possible to work for Canada. Now that the British lines have withdrawn from emigration work on the continent, the business is entirely in the hands of the great continental companies, like the North German Lloyd, and the Hamburg-American Company, and we must endeavour to arrange so as to be in much closer communication and co-operation with them than we have been in the past. I have dealt with this matter at some length in my letter on the subject of the equalization of rates from Quebec and from New York to the northwest.

'While there may not be much to expect from Germany, there is likely to be a considerable movement from Austria and from Southern Russia, and from the latter place particularly we shall have several hundreds of people of the Mennonite class during the coming season. I have heard of the work Mr. Klaas Peters is doing there, and I trust that the result of the work will be to increase our immigration.

'While in Berlin, I had a general conversation with the British ambassador on the subject of emigration, but the matter is not one in which Her Majesty's representatives abroad take much interest. This you can readily understand, as it is a delicate matter, and the laws are so restrictive. At the same time, however, Sir Frank Lascelles promised to keep an eye on the matter and to communicate with me if anything came under his notice prejudicial to the Dominion and its interests.

'At Vienna, I had an interview with the British ambassador, Sir Horace Rumbold. He did not seem to know much about the work in Galicia, but I discussed the matter with him with very much the same result as happened in Berlin.

'While in Paris, I saw Mr. Fabre, Mr. Bodard and Mr. Foursin. Mr. Fabre has some views on emigration, which, for some time he has promised to place in writing for my information, but so far they have not reached me. He stated, however, that I should have his notes this week. Mr. Bodard and Mr. Foursin claim to be working with energy in France—the east and west—and in Belgium so far as the names at their disposal permit. They expect they will each send out from 300 to 400 persons during this year, practically the same number as went out in 1897. I am requesting both these gentlemen to prepare a special report on the subject, and to give me their observations and suggestions as to the best way of increasing emigration from France, Belgium, Holland and Switzerland to Canada. On this part of the subject I shall write you again later on.

'I shall be glad to hear from you at your convenience respecting the suggestions Mr. Ballin has been good enough to make.

Believe me, &c.,

(Sgd.) STRATHCONA.'

Q. You might read also Mr. Preston, the extracts from another letter of the same date, from Lord Strathcona to Mr. Sifton, from this paragraph down, 'there is another point'—

A. (reads). 'There is another point in connection with this matter which is of great importance. You will be aware that we have suffered for many years from restrictions placed upon emigration, especially in the German States. The British

lines have never been able to do very much effective work, and any good they may have done has been neutralized by the action of the North German Lloyd, and also by the Hamburg American Company, until the time when they commenced to run the Hansa service. It stands to reason that if both these great lines were working in Canadian interests, we should have very powerful friends at Berlin, and as they would be interested very strongly in emigration to Canada, they would take care as far as possible that nothing was done adverse to their interests—which in this case would be ours also.

'While the difference in the rates may not affect us so much as regards the United Kingdom, I trust I have shown its importance so far as concerns emigration from the continent. What I have said about the North German Lloyd and the Hamburg American Company applies with equal force to the Compagnie Générale Transatlantique, and the other continental lines which run to New York only. In connection with emigration from Scandinavia, we have, however, much to gain from the British New York lines by the equalization of the rates. In Norway, Sweden, and Denmark, the White Star, Cunard and American lines, hold a far better position than the Canadian lines, and in Scandinavia there are few agents who represent more than one line, and we should certainly gain by removing the present hostility of the New York lines, which is mainly the result of the difference in the railway rates. The effect of this want of interest on the part of the New York agents has been the principal factor which has prevented a proper share of Scandinavian emigration going to Canada, notwithstanding our efforts to awaken an interest in the Dominion. Not only have they failed to help us, but wherever they could do so they have tried to influence people against Canada, and this state of things is well within the knowledge of your department.

'I have written you somewhat fully upon this matter for I earnestly trust you will give it your consideration, and see whether something cannot be done to remove what, in my judgment, is a great obstacle to emigration from all parts of the continent to Canada, and it affects our interests in the United Kingdom also, but to a more limited extent. What I should like to see would be some arrangements between the American lines and the Canadian Pacific Railway Company, by which passengers could travel from New York, Boston, or Philadelphia, to the nearest point on the Canadian Pacific Railway, and thence to the west by our own transcontinental line. It may be that an additional payment of some kind might be involved, but I venture to think that some means might be found of arranging the matter as between the government and the railway, in view of its importance.

'Believe me,

'(Signed) STRATHCONA.'

Mr. FOSTER.—What is the date of that letter ?

The CHAIRMAN.—The same date, March 23, 1898.

By Mr. Foster :

Q. That is a year before this arrangement ?

A. This letter is dated in the copy 1906. It is evidently a mistake in copying. It should be 1898.

Q. This was a year and a half before the arrangement was completed ?

A. Yes.

By the Chairman :

Q. These letters are letters from Lord Strathcona to Hon. Mr. Sifton who was then Minister of the Interior ?

A. They are.

Q. And as has been pointed out they were written more than a year before you had anything to do with immigration matters in England ?

A. Just about a year before.

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Q. Will you read a short extract from the letter dated November 15, 1899, from Lord Strathcona to Mr. Sifton, beginning 'In view of the legal objection'—

A. (reads.) 'In view of the legal objections raised to the agreement, to the fact that a formal agreement could not in any case be of much practical use, and that no reply was made to the above message, it was suggested that an offer, on the lines of the agreement, should be made to us by the firms interested, in the form of a letter, and that the arrangements should be completed by an interchange of correspondence. Mr. Preston therefore left for the continent on the 30th ultimo to carry out the proposal on these lines. I have since received from him a letter reporting the completion of the matter, and transmitting the correspondence—a copy of which is appended.

'The effect of the arrangement, as I read it, is that certain of the continental booking agents, and their friends, whose names have not yet been given to me, are to form a company, which will endeavour to direct a larger emigration from Europe to Canada. The arrangement is not intended to apply at present to Scandinavia.

'The consideration is the payment of a per capita bonus on a rather higher scale than has been hitherto given (12 years being made the adult limit instead of 18) and a contribution of five hundred pounds towards the expenses of literature for circulation. But it is a condition that the heads of the families are to be possessed of not less than $100.

'Personally I do not see that there is much difference in principle between the new scheme and that formerly in operation, excepting that the former is to be confined to a few of the booking agents. I hope, however, that those who are excluded may not, in consequence, be made antagonistic to the interests of the Dominion, and that the new arrangement may turn out to be of an advantageous nature.

'Of course we cannot dispute the fact that it involves certain risks. I gather, from what has transpired, however, that Mr. Smart and Mr. Preston have considered the matter from all points of view, and that they do not think there is more risk attaching to the new proposal than to the old one, while, in their opinion, it has the advantage of being more systematic and likely to lead to better results—which I trust may prove to be the case.'

Mr. BARKER.—I think the better way would be as you are putting in some parts of letters, that you should put in if necessary the whole letter and any others that bear upon the same point.

The CHAIRMAN.—I have not bothered the Committee very much. I think I must insist upon having my own way just as the honourable gentleman insists on having his own way of carrying on the examination. You have a perfect right to put in anything, or to put in any letter. You have been doing it for a month.

Mr. BARKER.—I want that we should have the right to put in others.

By the Chairman :

Q. Will you read now what appears to be a subsquent opinion given by Mr. Vasey Knox and the question of this particular agreement, which you will find here (indicating an exhibit).

A. (Reads.)

'ADDITION TO OPINION.'

'This opinion was written with special reference to the laws of Germany, to which I have been directed as of particular importance, but the principle would apply to the law of any other country which discourages emigration propaganda.'

'I understand that it is now proposed to make but one agreement and that with a firm in a country where there are no laws against emigration propaganda. This removes the risk which would have arisen from a multiplicity of duly authorized agents, and if the firm appointed exercise due discretion in the choice of sub-agents

there may be no serious cause for diplomatic disquiet. It would be well to avoid mention in the agreement of countries where restrictive laws exist.

(Signed) VESEY KNOX.

'October 27, 1899.'

The CHAIRMAN.—That is all I have to ask except that I think it might be well for you to look over these documents.

By Mr. Foster :

Q. I am not clear in my mind yet as to what is forbidden and what is not in these countries. With reference to these countries can you treat them all generally or are there differences between them which would make questions necessary with reference to each one.

A. Almost with reference to each one. Perhaps, you will pardon me if I tell you I wrote quite an exhaustive report on this question, on the laws of the different countries, in my annual report last year, which I have no doubt is in the department and I think is in the possession of yourself and others taking an interest. It will give you information which without seeing the report I am not quite as conversant with the details as I would like to be.

Q. With reference to the North Atlantic Trading Company and the work that it is carrying on, is it forbidden to advertise the country and its advantages for emigrants in those countries ?

A. In some of them. If the advertisement is drawn in such a way that it will not lead the police to believe that it is an incentive to emigrate.

Q. Surely then it is not forbidden in those countries if the advertisement is drawn in a certain and skilful way ?

A. Well, then, it is not used—

Q. Do they advertise in Germany for instance now and in these other countries ?

A. It is quite evident that the Farmers Auxiliary from London was carrying on—

Q. Now ?

A. They are advertising in Germany.

Q. I just want an answer to my question. Does the North Atlantic Trading Company, has it since its formation been putting advertisements in with reference to Canada in newspapers in those countries?

A. Well, I cannot tell you just in what countries.

Q. Has it been putting any in?

Q. Yes, they have advertised; I have seen their advertisements.

Q. In newspapers?

A. Yes.

Q. In any large number of newspapers?

A. In a considerable number.

Q. How many that you had knowledge of?

A. Well, I have seen a large bundle of newspapers. They are on file in the department.

Q. I think you said somewhere, probably in a hundred newspapers.

A. I said in my first report to the High Commissioner I thought the company would begin advertising in a hundred newspapers.

Q. They are advertising in those countries in more or less newspapers at the present time?

A. Yes, in a kind of way.

Q. And they have been?

A. Yes, I think they have been every year.

Q. And without transgressing the laws of those countries in their advertising ?

A. Well, some newspapers object and have refused their advertisements, I believe.

Q. I am not asking about where they are not advertising, but they are advertising in a number of papers in those countries. Are they transgressing the laws of the country in putting in these advertisements?

A. Well, I can hardly tell you that.

Q. They undertook in the contract not to do anything that infringed upon the laws of the country?

A. They did.

Q. Do you wish them to do anything that infringes upon the country's laws?

A. Certainly not.

Q. It is presumed then that they are acting in accordance with the laws?

A. Yes.

Q. And they are advertising in Germany?

A. Not as the North Atlantic Trading Company?

Q. How are they advertising?

A. They have advertised in Holland as the Trading Company. In Germany they have advertised as the Farmer's Auxiliary, giving an address in London. I have seen advertisements in the papers in Hungary giving an address in Austria. In Scandinavia, they are advertising under the name of Almquoist and Company, giving an address there.

Q. Yes, the point is not as to what the addresses are. The point is as to the fact as to whether they are advertising or not. Are advertisements being inserted in newspapers in those countries that you mentioned calling attention to Canada as a desirable country for immigrants?

A. Yes, in some of them.

Q. And in doing that they are carrying out their part of the contract that they are not to break the laws of those countries?

A. I suppose they are taking that risk?

Q. Do you know that they have been prosecuted in any case for these advertisements?

A. No, I do not.

Q. Well, can they distribute pamphlets in those different countries from points inside those countries?

A. The distribution of pamphlets is done.

Q. No, no, I want an answer. You are conversant with the laws, and you have discussed the whole thing, is it allowable to that company or their agents to circulate pamphlets with reference to emigration to Canada from points inside those countries?

A. They do not circulate in Germany.

Q. Is it allowable under the law?

A. I do not think it is in Germany; it is allowable in Scandinavia which, of course includes Denmark. It is not allowable in Finland, it is done there from Sweden.

Q. How is it in Germany?

A. It is not allowable in Germany.

Q. In Austria-Hungary?

A. Austria-Hungary? I think it is allowable there within certain restrictions.

Q. In Roumania?

A. In Roumania? I do not think it is allowable. I think there is a propaganda—

Q. It is not allowable in those countries you have named to distribute pamphlets from a point within the country, advising or favourable to emigration to Canada. And this company under this contract is to do nothing which is against the laws of those countries. Are they as a matter of fact distributing pamphlets from points within those countries?

A. I do not think they are.

Q. Is it allowable under the laws of those countries to have pamphlets distributed advising and encouraging emigration to Canada if the distribution is made from a point outside those countries?

A. I could not tell you.

Q. You do not know?

A. No, I do not know.

Q. But presumably if the object of the legislation is the prevention of an emigration propaganda that would be illegal, that part of their work?

A. I could not tell you, that would be a legal point.

Q. Is it allowable for their agents and commissioners to hold public meetings in those countries, to get people together, and advise them openly to emigrate?

A. No.

Q. They cannot do it?

A. No.

Q. Can their agents personally canvas throughout the country and city districts?

A. There must be some latitude allowed there.

Q. To what extent?

A. I really could not tell you to what extent, but I think it is carried on pretty extensively.

Q. That is that it can be carried on, a propaganda to personally solicit emigration to Canada?

A. Perhaps not to personally canvass, but to distribute literature.

Q. I am asking about canvassing?

A. I do not think it will be allowed.

Q. Then we come down to this as a conclusion that, as regards advertising, it may be done in some countries in a guarded way, in others it may not be done?

A. Quite so.

Q. That it is being done in this guarded way in the countries where it is allowable by the company or its agents

A. Quite so.

Q. That personal canvassing by means of public meetings is not allowed?

A. Is not allowed.

Q. And that personal canvassing of an open character which would be easily known to the police and the like of that soliciting emigrants, is not allowed?

A. That is not allowed.

Q. But that they may slip in quiet work here and there through their agents or where it is provided for, they do it very carefully?

A. I judge that is about the summing up of it.

Q. Now, if all these things are lawful, or unlawful, these things that I have mentioned to the degree that they are to this North Atlantic Trading Company, are they equally lawful or unlawful to persons who do not belong to that Trading Company and who might want to carry on the same operation?

A. Oh, yes.

Q. The same law would apply to them?

A. The same law would apply to all of us.

Q. Now, with reference to the booking agent, is the booking agent in those countries when he is selling tickets, is he allowed by the laws of those countries to canvas a person buying a ticket with a view to directing him to a certain country?

A. I doubt it very much.

Q. I should judge from some evidence I have seen that they are not allowed?

A. It undoubtedly is done.

Q. They can sell the tickets?

A. They can sell tickets, yes.

Q. But if it is known that they are trying to direct emigration to certain countries why they would be brought up for it?

A. Some of them do it fairly openly. They direct attention to the Argentine and Brazil.

Q. Would this North Atlantic Trading Company through its agents have any further privileges, or would they be able to do anything more than would a single individual booking agent.

A. Now, if you ask me—

Q. The same law would apply to the company as to an individual agent ?

A. The same law, quite so.

Q. The company having signed a contract under which it agrees not to do any of those things which are against the laws of those countries, is it or is it not in your opinion, carrying out that part of the contract ?

A. I hope they are carrying it out.

Q. You think they are ?

A. I hope they are carrying it out.

Q. You have no desire as Commissioner of Emigration that they should do anything else than that ?

A. Certainly not.

Q. Nor would the government?

A. No, only it is to their interest to go as far as they can in carrying on a propaganda which has not been carried on under the old arrangement and which is not carried on by ticket agents generally.

Q. You have travelled a good deal and you have an observing eye, do you think the police and the government authorities are pretty wide awake in regard to these things in those countries ?

A. I think they are. I have only travelled against them once, that was in Russia, and I was very glad to get out.

Q. There is a system of reporting and espionage in those countries which does not exist here ?

A. About which we know nothing, therefore there is watchfulness on both sides; on the one side they are trying to do up the police and the police on their part are trying to do them up.

Q. There is a keen government supervision?

A. Yes.

Q. With reference to Norway, Sweden and Denmark the laws are not so severe there ?

A. Not so severe.

Q. Any one would have the right to advertise in the papers of those countries the advantages of any country ?

A. Within a measure.

Q. A reasonable measure ?

A. Within a measure, yes.

Q. What was the special work which it was supposed this North Atlantic Trading Company would do in Scandinavia ?

A. That they would collect the addresses of prospective emigrants, place themselves in communication with the mayors or clergymen in communities from whence any emigration movement was coming and to circulate Canadian literature among them ?

Q. All of which were allowable ?

A. All of which were allowable. Legal, supposing it was done by some one who had not a direct interest, commission, in the sale of the tickets.

Q. Provided they had not a direct interest ?

A. Yes, it would not be legal if they had.

Q. The North Atlantic Trading Company would have a direct interest in the sale of every ticket, would they not ?

A. I do not think they had.

Q. They got $5 a head on each emigrant ?

A. In another way they had, undoubtedly.

Q. They make all their money on that ?

A. Yes, of course.

Q. You think in those countries they would be debarred from that, because they have an interest in getting the emigrant to come, a money interest ?

A. As the North Atlantic Trading Company they would undoubtedly be debarred from that in Scandinavia.

Q. There would be no advantage in having the company do that work there if it could not do it legally ?

A. I do not think it would.

Q. So that the special work such as you have outlined it was begun by the North Atlantic Trading Company in this country ?

A. It was.

Q. And carried out to what extent ?

A. To a very large extent.

Q. What is your proof of that ?

A. The proof of it is the report of the work, the printing of Scandinavian literature, their postage account for distributing it and the fact that they opened in some places in Scandinavia offices which were purely offices, and were so called, Canadian offices where information could be obtained about Canada.

Q. Have you visited those countries since they have been at work ?

A. Yes, I have.

Q. You made it a point to find out and visit their agents ?

A. Yes, I visited their agents.

Q. And their offices ?

A. Yes—well, I have not been there since their larger office was opened.

Q. How did you make yourself satisfied that they had distributed literature and had done all these things ?

A. I found evidence of it at the time, the circulation of literature through the mails and from the addressing of envelopes.

Q. It was a sort of general evidence ?

A. Well, special evidence as well. But the agent, the one who was their representative there was not doing as much as I thought he ought to do and I insisted upon his removal.

Q. How many agents have they in those countries ?

A. They have one at Copenhagen, Gothenberg, Christiania and Stockholm.

Q. How long have they had agents there ?

A. Oh, they have had them there since what you might term the beginning when the propaganda was started. Since there seemed to be definiteness to the continental work.

Q. The North Atlantic Trading Company has been receiving £1,000 or £750 for special work ?

A. I think £750 for carrying on a special propaganda there.

Q. For how many years have they received that ?

A. I really could not tell you without looking it up.

Q. Is it two or three years ?

A. A think so, since Scandinavia was made a part of the agreement; it was not a part of the agreement in the first place, you know.

Q. And they have been supposed to have spent £1,000 a year each year in that country ?

A. £1,000 ? They have spent more than that.

Q. How have you convinced yourself of that ?

A. From the accounts they have sent in and the vouchers.

Q. Did you go behind their accounts and statements as to what they have spent ?

A. Oh, yes, I went into their documents and they satisfied me that they were carrying out honestly the arrangement they had made and it was to their interest to do so

Q. And you satisfied yourself that they were spending in that way at least £1,000 ?

A. Yes, I satisfied myself in reference to that score.

Q. Did you do it in reference to the other European countries ?

A. No, you understand I had a special interest in Scandinavia.

Q. Mr. Smart told us you were to look after that and to see that they were doing their work properly.

A. I fear I have not looked after that as closely as I should have. I have been as zealous as my strength would allow.

Q. Is there anything in print to show what was forbidden and what was not forbidden in those countries ?

A. If you will get my report to the department you will find that set forth.

The CHAIRMAN.—What report ?

A. It was a report sent to the department in my annual communication on July 1.

Q. Does it give us that information ?

A. It tells what the laws of those countries are.

By Mr. Gervais :

Q. Was it printed ?

A. No, I do not think it was.

By Mr. Foster :

Q. Have you been distributing literature on the continent in any of those countries, which is the especial province of the North Atlantic Trading Company.

A. We did upon one or two occasions.

Q. Upon one or two occasions?

A. Yes.

Q. Did you distribute any last year ?

A. I could not tell you just when it was but I shall look it up and see.

Q. I wish you would ?

A. I will, Mr. Foster.

Q. Ascertain what you have distributed there and where it was printed ?

A. I will do so, yes.

By Mr. Fielding :

Q. Your attention has been directed principally to that clause in the contract which says nothing is to be done contrary to the laws of the country and from that it is claimed there was no reason for secrecy. I want to ask a question bearing on that —from your observation of the practice on the continent is it necessary that a man shall violate the law in order to get into trouble?

A. Not at all.

Q. Did John Dyke, to the best of your knowledge and belief, violate any laws of the country on the occasion of his trouble?

A. I do not know that he did.

Q. Did he get into jail?

A. Yes.

Q. How long did he stay there ?

A. For six or seven weeks.

Q. Therefore in practice in Germany, it is true that a man may not contemplate a violation of any of the laws, but the knowledge that his whole proceeding would be under the supervision and suspicion, might give him a desire not to have his name disclosed.

A. Quite so.
Q. Even if he had no intention of violating the law ?
A. Quite so.
Q. Even though he may not violate a law he may get into jail very easily ?
A. And very easily.
Q. And find it very hard to get out ?
A. Quite so.

By Mr. Foster :

Q. The same remark would apply to others than the North Atlantic Trading Company?
A. To everybody.

By the Chairman :

Q. And to other countries as well ?
A. Oh yes.
Q. It is well known that in France you may be arrested on mere suspicion without any charge being made against you, do you know that ?
A. Yes, I know that.

WITNESS.—My attention has just been called to a correction that should be made in my evidence of the 29th instant, where Mr. Gervais asked me whether Guernsey was not the Mecca of European incorporators as the State of New Jersey is the Mecca of American incorporators. The transcript of the evidence says I made no answer. I presume the reporter did not hear me, my reply to that question was : 'Yes, in a general way.'

WITNESS retired.

Committee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
Monday, June 4, 1906.

The Select Standing Committee of the House of Commons on Public Accounts met this day at 10.30 o'clock, a.m., Mr. Belcourt in the Chair, and proceeded to the further consideration of the accounts of the North Atlantic Trading Company, as set out at L—26 of the Report of the Auditor General for the fiscal year ended the 30th of June, 1905.

The Chairman read the following letter:—

17 Victoria Street,
LONDON, S.W., May 26, 1906.

My dear Sir,—On the 25th instant, I received your cable message reading as follows:—

'Public Accounts Committee directs me as their Chairman to request you to forward original three page letter or memorandum dated on or about August 18, 1905, and signed by Mr. Jury, explaining how he first came into possession of the private and confidential correspondence between Mr. Preston and Mr. Ennis.'

Mr. W. T. R. PRESTON.

APPENDIX No. 3

The letter in my possession in connection with the correspondence in question is not of the 18th August, but of the 17th July, 1905, and is addressed not to myself but to Mr. W. L. Griffith, 17 Victoria street, London, S.W.

This letter was handed to me by Mr. Griffith to be dealt with as might be required and I am now forwarding it to the Prime Minister, the Right Honourable Sir Wilfrid Laurier, to be handed to you.

I have the honour to be, my dear sir,

Yours very truly,

STRATHCONA.

The Committee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
Wednesday, June 6, 1906.

The Select Standing Committee of the House of Commons on Public Accounts met this day at 10.30 o'clock a.m., Mr. Belcourt in the Chair, and proceeded to the further consideration of the accounts of the North Atlantic Trading Company, as set out at L—26 of the report of the Auditor General for the fiscal year ended the 30th of June, 1905.

The CHAIRMAN.—I have some correspondence which I desire to read to the Committee. Here is a letter from Lord Strathcona to Sir Wilfrid Laurier (reads):

'LONDON, May 26, 1906.

My dear Sir Wilfrid Laurier,—On the 25th instant, I received from the Honourable Napoleon A. Belcourt, M.P., cable message as under:—

'Public Accounts Committee direct me as their Chairman to request you to forward original three-page letter, for memorandum dated on or about 18th August, 1905, and signed by Mr. Jury, explaining how he first came into possession of the private and confidential correspondence between Mr. Preston and Mr. Ennis.

(Sgd.) N. A. BELCOURT.'

In accordance with this request, I have the honour of inclosing to you herewith, the letter in question of date July 7th, 1905, signed Alfred F. Jury, and addressed to W. L. Griffith, Esq., 17 Victoria street, London, to be dealt with as you may direct.

Believe me to be,

Very sincerly yours,

(Sgd.) STRATHCONA.

The Right Honourable Sir Wilfrid Laurier, M.P., G.C.M.G.
Ottawa.

The letter referred to, from Mr. Jury to Mr. Griffith, is as follows (reads):—

OLD CASTLE BUILDINGS, PREESON'S ROW,
LIVERPOOL, July 7, 1905.

DEAR GRIFFITH,—Yours to hand last night too late to reply to. I will give you an account of how I got Preston's letter to Ennis. The day that Mr. Ennis received the letter from Preston in which he mentions about the labour union asking for his dismissal, I had business with Mr. Ennis. While we were talking over our business, Mr. Ennis was called out to speak to some one outside and left the letter lying on his desk. This was at the time when the agents were loudly complaining about the labour bureau. Noticing that the letter was from Preston about that institution, I had no qualms of conscience about reading it. When Mr. Ennis returned, I saw him put the letter in a long envelope in which there appeared to be others and put it in one of the compartments of his desk. I thought the letter might be useful in reference to that institution, so I took particular notice of it. On Preston's return from Canada he wrote me the private, frank, friendly, and confidential letter which I sent you some time ago, (which, by the way, I wish you would return) and after having the talk referred to in the letter above in which he asked me about my travelling and I told him I did generally ride first and always charged it, and on the strength of the information thus obtained from me in that way he refused to certify to my accounts, I thought it well to get hold of the letters, if possible, in view of the unreasonable attitude he was taking in this and other matters. As you are aware, my business takes me to Mr. Ennis' office very often and I had an opportunity to refer to the envelope in which I saw him put the letter and when I opened it I found it contained all the correspondence about the starting of the labour bureau. I had some of Preston's paper in my office and I had copies of the letters made on it. You will, I am sure, remember that I brought the originals and the copies to London and showed them to you and Mr. Just, who both saw them for the first time. On my return from London, after leaving you copies of the letters with the request that you would show them to Lord Strathcona, I replaced the letters. Afterwards I showed Mr. Ennis the copies on Preston's paper, who believed they were from Preston's office, and I told him I had left copies for Lord Strathcona and expected he would want the originals. You know everything that has happened since. Seeing that recently the Hon. Sydney Fisher said in the House of Commons that Preston was not connected with the bureau, I think it is up to Lord Strathcona to convince the Government that he is, and save innocent people being injured by Preston over the matter.

I am prepared to justify my conduct in the matter as I had long been sure there had long been a connection between Preston and Leopold and I felt I was acting in the general benefit in the course I took.

Yours sincerely,
ALFRED F. JURY.

W. L. GRIFFITH, Esq.,
17 Victoria St.,
London.

Mr. BARKER.—I would like to examine Mr. Jury briefly on this.

Mr. ALFRED F. JURY called, affirmed as follows :—

'I, Alfred Fredman Jury, solemnly and sincerely declare and affirm that the evidence given by me to this Committee shall be the truth, the whole truth, and nothing but the truth.'

The CHAIRMAN.—I would like to swear the witness.

The WITNESS.—Perhaps if you will allow me, there is no use sending for a bible because I am not allowed to take an oath, my oath would not be legal, simply because I

do not believe in reward and punishment after death. Consequently, my oath is not a legal oath, and the law prescribes that I shall make an affirmation, which I have just made.

By the Chairman:

Q. That is a new law to me.

A. It is the law though. I happened to know it is so because I took part in the amendment of the law.

Q. Take the book, Mr. Jury. You swear the evidence shall be the truth, the whole truth, and nothing but the truth, so help you, God.

(Witness sworn.)

Mr. GEOFFRION.—There is not a judge in any court of justice would admit the witness to give testimony after the declaration he has just made.

The CHAIRMAN.—On his own statement he has shown that he is not competent to be a witness in court.

Mr. HUGHES (Victoria).—That is your conclusion.

The CHAIRMAN.—That is my judgment and my ruling.

The WITNESS.—If I may be permitted, I might say, that the late Matthew Crooks Cameron, Chief Justice of Ontario, allowed me to affirm, and he knew something about the law of Ontario, I should imagine.

By Mr. Geoffrion:

Q. You didn't give him the same reasons as you give now?

A. I did.

By Mr. Barker:

Q. Mr. Jury, you have heard the letter from you to Mr. Griffith, just read by the Chairman?

A. Yes.

Q. In which you referred to obtaining certain letters from Mr. Ennis' desk?

A. Yes.

Q. Will you be good enough to tell to the Committee just what occurred on that occasion?

A. Well, there were several occasions, Mr. Barker. As I say, when I saw that letter I wanted to obtain possession of it, and I interviewed Mr. Ennis on several occasions and gave him all the reasons why I thought I should have it. One reason was, that the letter clearly showed that Mr. Preston was going contrary to the instructions of the Department of the Interior, because in the first letter he says that the Labour Bureau was to handle classes of immigrants that for obvious reasons could not be handled by the department. Then, I also knew that Preston had persecuted several people who had dared to say he was connected with this Bureau, had gone so far as to say that they were liars and scoundrels, and I know that the labour organizations of this country had complained continually about the existence of the bureau. I also knew from my connection with the steamship companies that all their local agents throughout England were up in arms against this bureau. When Ennis gave the steamship license to the Labour Bureau at Preston's request, he stipulated that they should not advertise outside London, to encroach on the territory of their other agents. They had not the license many weeks before they commenced violating their promise, advertising all over the country. Agents wrote to Ennis complaining of the conduct of this bureau. I said: 'not only has he done all these things but he has interfered with your business and their business, and I think on all these grounds you should allow me to have the letters.' Mr. Ennis put the letters in the envelope, swung around on his chair, looked up at the cellar grated window, I took the letters and put them in my pocket, just as the letter there says.

Q. He turned aside after putting the envelope in a compartment near him?

A. After it was understood I was to have them.

Q. Did he know you took them, have you reason to think he knew you took them?

A. He did not know I took them at the moment. He saw afterwards because there was no one else there to take them.

Q. Have you since you came here had any communication from Ennis?

A. Yes, I have had a cable from him to say I had his consent to use the letters.

Q. Have you that cable?

A. I have it at the hotel, I did not expect to be called to-day.

Q. Please send it to the Chairman. In the meantime, perhaps you will state the substance of it?

A. 'You have my permission to say that I gave you the use of the letters.' I will bring the cable.

Q. 'You have my permission to say that I——'

A. —'I allowed you to use the letters.'

Q. These are the circumstances, Mr. Jury, they are detailed in the letter.

A. They are the circumstances.

Q. Is that the actual fact as to what occurred?

A. It is the actual fact, what occurred. Of course I had to cover it in the way I have done it in the letter, because I had to shield Ennis.

Q. You had to shield Ennis? Just tell why.

A. At the time I got the letters, every one in England in connection with emigration was afraid of Preston. He had done a lot of people injury, and Ennis thought he might do him injury. That is why he refused to let me have the letters at first. He was at war with every one in the emigration business outside of his own office and with some in his office, with most of the Government agents and a great many steamship agents, and Ennis did not want any trouble. He might injure him, and he might injure the Allan line. He did not like to give up the letters. I had to give Ennis my word that I would stand between him and any trouble, and that was why I never divulged how I got the letters from him, and I would not have done it if I had not got his permission to do so. I did not want to cable for his permission, but my friends thought I had better get his permission. But rather than compromise him, I would have taken the odium of getting the letters in the way I described in my letter to Griffith.

Witness retired.

Committee adjourned.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
Thursday, June 21, 1906.

The Select Standing Committee on Public Accounts met here this day at 10.30 o'clock, Mr. Belcourt in the chair, and proceeded to the further consideration of the accounts of the North Atlantic Trading Co., as set forth at page L—26 of the Report of the Auditor General for the fiscal year ended 30th June, 1906.

Mr. W. T. R. PRESTON recalled and further examined.

By Mr. Barker:

Q. Mr. Preston how long have you personally known Roy Somerville before that printing transaction was entered into with him in 1903?
A. Twenty years, I fancy.
Q. Twenty years?
A. Yes.
Q. How long had you known him in London before that?
A. Very shortly after my arrival there.
Q. That would be about two years ago?
A. Nearer seven years, would it not be?
Q. Yes? Had you seen much of him in that time?
A. Yes, quite a little.
Q. Had he any relatives or brothers?
A. No.
Q. Of the name of Somerville?
A. No.
Q. You told me before that you did not know who D. Somerville was?
A. No I cannot place him.
Q. Do you know now?
A. I do not.
Q. Roy Somerville has no brother?
A. He has not.
Q. Or uncle or relative that you know of
A. No.
Q. He is a married man is he not?
A. Yes.
Q. Were you ever at his house?
A. Yes.
Q. Frequently?
A. Not frequently.
Q. What is his wife's Christian name?
A. Ah now, pardon me, I really could not tell you.
Q. Dorothy?
A. It is possible. It sounds like it. I am not clear, but it sounds like it.
Q. D. Somerville?
A. Yes.
Q. Have you any doubt that Dorothy was D. Somerville, manager of the Arundel Printing Co., or Mrs. Roy V. Somerville?
A. I have no knowledge of that at all.

Q. You have no doubt about it?

A. Now you have brought it to my mind I will say so.

Q. You are very familiar with the family. Is there anybody connected with the Somerville's who would fill the bill as Mrs. D. Somerville does?

A. No.

Q. Can you explain to the committee how it happened that informing this company, the Arundel Printing Co., to take up this work, the wife of Roy Somerville should be named manager?

A. I could not tell you.

Q. You cannot tell?

A. No I have no personal knowledge of it.

Q. And although she was manager and you were passing the accounts and issuing the cheques which came back to you endorsed 'D. Somerville, manager,' you never knew it was Mrs. Roy Sommerville?

A. It never occurred to me before.

Q. You are quite positive?

A. In fact I never saw the cheques coming back as endorsed until they were here.

Q. You issued the cheques, exceeding in all $60,000, for printing, and then there was advertising, and while these all went to the Arundel Co. and came back to your office endorsed 'per D. Somerville, manager,' it never occurred to you?

A. I never saw them, Mr. Barker, after they came back. I never looked at them.

Q. As a fact you did see one of these cheques?

A. I saw them here.

Q. Have you never heard that the endorsement 'D. Somerville' on every one of these cheques was Mrs. Roy Somerville?

A. I did not.

Q. At whose house you visited so often?

A. Really we do not visit much in London, we are mostly home birds. Probably in the seven years I have been there not more than five or six times altogether.

Q. When you went first with Mr. White to see Roy Somerville about this printing business, where did you find Roy?

A. We found him at his office on Arundel St., Norfolk House.

Q. Norfolk House?

Q. What kind of an office is that?

A. There are three or four offices together, a suite of offices.

Q. It was not a printing office was it?

A. It was not.

Q. Was it called the Arundel Printing Co.

A. No it was——

Q. What was it called?

A. Simply Mr. Somerville's office.

Q. Mr. Somerville's office?

A. Yes.

Q. Was his wife there?

A. No.

Q. She was not the clerk or typewriter or anything of that kind?

A. No.

Q. He carried on business at that office?

A. Quite so.

Q. She, I presume, was at home?

A. I do not know anything of their work.

Q. When you made this arrangement with him to do the printing who suggested that name should be given the concern?

A. Well I really could not tell you.

Q. Did you?

A. No, I did not.

Q. Quite sure about it?

A. Quite sure. I did not.

Q. You did not suggest he should take the name?

A. I am quite sure about that?

Q. Did he?

A. I could not tell you I am sure. I do not think that question, the question as to the title of the firm or this company, came up until some time afterwards—I do not think until the accounts were rendered; that is my recollection of it.

Q. You think that the first you knew of the name being given to it was when you got the account?

A. When I got the accounts, yes.

Q. That is your recollection of it?

A. That is my recollection of it.

Q. You are quite positive you did not tell him?

A. I am quite positive, Mr. Barker.

Q. To take the company's name?

A. Quite positive.

Q. Quite positive you did?

A. Quite positive I did not.

Q. I suppose if you had seen these cheques, knowing all about Roy Somerville and his office, it would have been a matter of surprise to you, would it not, to have seen the manager called 'D. Somerville' there?

A. Well, I do not know that it would. I certainly, after the construction that is put upon them to-day, would have inquired, and certainly shall inquire now.

Q. But would you not, as a business man, having these large transactions with Roy Somerville, under the name of the Arundel Printing Company, have been surprised to see the manager of that concern was carrying on a business of that company himself?

A. No, I would not.

Q. You would not.

A. A great many people in London are doing business under the form of a company of one kind and another. It is a pretty ordinary thing.

Q. Now, when you issued that batch of cheques—four issued on the 26th of May, 1903, and all four endorsed by D. Somerville, aggregating the sum of £2,541—do you mean to say that you never knew until you came here that Somerville's wife was on each one of these cheques as manager?

A. I have said so, and I say so now.

Q. You say so now?

A. Yes.

Q. You never knew that?

A. Never knew that.

Q. You do not know that for two cheques that went to Roy Somerville's bank his wife signed as manager and he signed individually?

A. I did not. I never saw the cheques again until they were produced here, or never saw any other cheque when it returned from the bank. I never looked at them at all. They come in and go to the accountant's department and I never see them.

Q. You have said that your recollection of how it might have happened that Roy Somerville gave one of the four cheques to Karlsberg, was that Roy Somerville told you he was going to the continent?

A. I remember that conversation, that we were speaking of it at the time.

Q. And that you gave him the names of two or three parties?

A. Yes, I did.

Q. Any one of whom might have cashed those cheques for him?

A. Quite so.

Q. You knew at that time that Roy Somerville had got over £1,200 from you in other cheques?

A. I knew he had got all the cheques.

Q. You knew he had got all the cheques?

A. Yes.

Q. And as a fact at that time he had got two of them. Did you not know that?

A. I knew he received all of them.

Q. You did not know that?

A. I did.

Q. When he took that cheque according to your idea of it, to Karlsberg in Hamburg, do you not think, as a man of business, it was an extraordinary thing for Karlsberg to hand over the cash for that cheque?

A. I have no opinion upon it at all, Mr. Barker.

Q. One moment?

A. Yes.

Q. Without Roy Somerville endorsing it first?

A. I really could not tell you anything about it.

Q. You are a man of business. If you were a resident of Hamburg, as Karlsberg was, and a man from London brought you a £600 cheque, would you not have taken his endorsement ?

A. If the cheque was payable to me, but if the cheque was payable to the Arundel Co., I think that would have been enough.

Q. The cheque was payable to the Arundel Co. and endorsed 'The Arundel Printing Co., D. Somerville, manager.'

A. Yes.

Q. Nothing more. Now if Mr. Roy Somerville brought that to you in Hamburg would you not as a prudent business man, before you gave him £600, require him to put his name on the back to show he transferred it to you?

A. I could not tell you. I have never had any transaction of the kind so I do not know.

Q. As a man of business, transacting large financial affairs as you did for this government, would you not, as an ordinary precaution have insisted upon that man putting his name on the cheque before you gave him $3,000?

A. I could not tell you. It is a hypothetical case, I really could not tell you.

Q. But you saw by the cheque you saw the other day that is the case?

A. Oh yes, quite so.

Q. That Karlsberg cashed that cheque without having Roy Somerville's name on it?

A. He cashed the cheque by the endorsation upon it. The cheque showed what it was.

Q. Roy Somerville owned the Arundel Co. Roy Somerville went to Hamberg and got £600 on a cheque without putting his name on it. I will ask you about the other one. Mr. Leopold, upstairs from you got another of these cheques as you saw the other day?

A. Yes.

Q. Do you not think that if a shrewd man of businsess like Leopold or Lazarus had been asked to cash that cheque, endorsed simply by the Arundel Printing Co., per D. Somerville, manager, he would have required Roy Somerville to put his name on the cheque ?

A. I could not tell you I am sure. .

Q. You cannot tell. Would you?

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A. I cannot tell you that. I have no opinion. I really could not tell you unless I was face to face with the case.

Q. If you were handing over an amount of $3,000, you do not know, sir, you say upon your oath, whether you would ask that man to put his name on the back of the cheque before giving him the money?

A. Not if the cheque was payable to me. It is simply a hypothetical case. In such a case my opinion will not change yours.

Q. Mr. Preston, I am asking you now as a man of business. You have been conducting business in London, tell us for the benefit of the committee—some of us might not know much about these things, I do not perhaps—if a person brought to you a cheque for £600 payable to the Arundel Printing Co., or order as endorsed, simply by the Arundel Printing Co., per the manager—if you knew nothing about it and Roy Somerville brought it to you and wanted money on it, would you not get his endorsement upon it before you gave him the money?

A. I really could not tell you. I have never had a case of the kind, so I could not tell you.

Q. From your knowledge of Roy Somerville and his business, can you give this committee any suggestion that might explain why Roy Somerville put two of these cheques to his own account, while the third went to Karlsberg and the fourth to Leopold?

A. I cannot. I prefer knowing something more about it than simply suspicion or inference.

Q. You were intimate with the whole four and Leopold's office was upstairs from you.

Q. Karlsberg was the man who called at your office frequently when he came to London?

A. When he came to London.

Q. And you went to his place when you went to Hamburg?

A. Yes.

Q. That is two of them and with Roy Somerville you have been friendly for twenty years?

A. Yes.

Q. You knew all these men?

A. Yes.

Q. And yet, knowing their business and all about it, you can give us no possible explanation how it happened those four cheques were issued that way?

A. I will certainly not try to give you an explanation about things I do not know anything about.

Q. You cannot tell us how such an extraordinary thing happened, you cannot even guess?

A. I have sometimes found it not safe to guess. I am going to try some other line. I am going to find out for my satisfaction and yours.

Q. You ought to be in the best position?

A. Probably I am and I shall try.

Q. Will you tell me how Karlsberg in Hamburg, receiving a cheque there endorsed 'Arundel Printing Co., per D. Somerville, manager,' how could he know that that cheque was properly endorsed ?

A. I cannot tell you, Mr. Barker.

Q. Yet he gave £600 upon that cheque without asking the man to endorse it?

A. I suppose neither you nor I know whether he did or not.

Q. Is not the explanation of that that Karlsberg got that cheque in London and took it with him?

A. Not at all.

Q. Will you swear he did not?

A. I will not swear he did not, I do not know anything about it.

Q. You were there when the cheques were issued?

A. I was there when the cheques were issued, and the cheques were given to Mr. Somerville.

Q. Do not tell us too much at a time?

A. No.

Q. You were there when the cheques were given to Mr. Somerville?

A. I do not recollect the particular instance about the cheques being handed to him, but I know that his account came up and he got the cheques.

Q. You have got his receipts?

A. We have got his receipts.

Q. Can you tell us why two cheques of a little over £600 a piece dated on the 15th of May, but not delivered, and two more dated on the 26th of May, were all four receipted for on the latter date?

A. I have seen no evidence here yet to show when the cheques were delivered, but if you have any evidence of that kind I should like to look at it.

Q. You have had four receipts in your hand, four cheques dated 26th of May? Is not that evidence as to when they were delivered?

A. I could not tell you that, it might not be.

Q. On the face of it it is evidence they were delivered on the 26th May?

A. That might be your opinion.

Q. Is that your opinion?

A. I could not tell you.

Q. Then you will not undertake to say that the two cheques on the 15th of May were held back until the other cheques were issued?

A. I am quite sure all the cheques went out of the office together.

Q. The two cheques of the 15th May were those that went to Roy V. Somerville?

A. I could not tell you.

Q. On the 26th May?

A. I could not tell you. I do not remember the particular case at this moment.

Q. Now, Mr. Preston, Leopold's office was above yours?

A. In the same building, up stairs, there were several other offices.

Q. I am speaking of the office where he was in May and June, 1903?

A. Yes.

Q. He had only a short time started that office, had he not?

A. I do not think very long—I cannot charge my memory with the date.

Q. Your first letter to Ennis about Leopold was the 17th of February?

A. Well, I think a few months——

Q. These cheques are May, 1903?

A. Yes.

Q. Therefore he must have been but a short time in that office?

A. Yes.

Q. Can you tell this committee anything that would let the committee see how it happened that Roy Somerville would go to Leopold, only there a couple of months in that office, go upstairs above your office to get that $3,000 cheque cashed and did not go near you?

A. I cannot tell you at all.

Q. He would have to pass your door to go up there?

A. Yes, he would have to pass one of our doors.

Q. You cannot explain it?

A. I have not the slightest doubt there is an explanation.

Q. You cannot give it?

A. I cannot.

Q. Where did you keep your own private bank account in 1902 and 1903?

A. In the London Joint Bank, Limited, Victoria street.

Q. Is it a joint stock bank?
A. Yes.
Q. In 1902 and 1903 are you aware that Somerville kept his account in that bank?
A. I am not.
Q. You are aware that two of these cheques were deposited in that bank?
A. I am not.
Q. Did you not see that in the evidence?
A. I did not, Mr. Barker.
Q. At all events, you had your private account in 1902-03 in the Joint Stock Bank, Limited?
A. Yes.
Q. The cheques went through that bank?
A. I do not know; the cheques will show.
Q. You did not know that Somerville had an account there?
A. I did not know.
Q. During the course of the present year, before you came out to Canada, did you tell Lord Strathcona that you did not know at that time who the gentlemen were comprising the North Atlantic Trading Company?
A. I did tell him so.
Q. Was that true?
A. Quite true.
Q. You did not know——
A. I did not know.
Q.——the names?
A. I did not know the names until I saw the list here. I had a suspicion, as I told you before——
Q. Had you only a suspicion?
A. Yes.
Q. Do you mean to tell us you did not know one man connected with that company?
A. I did not know positively one man connected with that company outside the names of Mr. Pfeifel and the names mentioned in the incorporation.
Q. You tell me that Pfeifel was not a member?
A. It may be a question whether he is or is not.
Q. Do you mean to tell the committee that you could truthfully say to Lord Strathcona last April, that you did not know one of the names of the syndicate?
A. I was not certain of the name of one of the syndicate.
Q. Did you tell him you were not certain?
A. Yes, I think I told him I was not certain.
Q. Are you quite sure?
A. Quite sure of it, for we discussed it upon two or three occasions.

By Mr. Gervais:

Q. Will you take communication of these letters and read them to the committee, in relation——

Mr. BARKER.—You can read them presently. I do not want to interrupt this just now.

Mr. GERVAIS.—Very well.

By Mr. Barker.:

Q. Did you know so little about any member of this syndicate that you could not tell Lord Strathcona last April the name of any one man?

A. I have told you so. I might have guessed—seeing the list now, perhaps I would have had fair ground for guessing—but at that time I would not have mentioned the name of a single man.

Q. You did not know?

A. I did not know the name of a single man, and if I had I could not have told him.

By Mr. Crockett:

Q. I thought you were obliged not to reveal them?

A. That is what I am saying.

By Mr. Barker:

Q. You said to Lord Strathcona, 'I do not know who the gentlemen are composing the North Atlantic Trading Company.' Could you say that truthfully to Lord Strathcona last April?

A. I am not accustomed to lying, if you will pardon me.

Q. Could you say that truthfully?

A. If I said it, it was truthfully, and I did say it, and it was truthfully.

Q. That you could not tell him the name of one single man?

A. Yes, not to be certain of it.

Q. Did you at any time know who they were?

A. Who this company were?

Q. I am speaking of the syndicate?

A. I beg your pardon. I thought you were speaking of the company. At the first meeting, or at a subsequent meeting at Hamburg, I knew who were talking about going into the syndicate. Whether they all or any of them went into the syndicate, they succeeded for some reason in keeping the information from me until some time afterwards. Then on two or three occasions they offered to give me a list of the names of those who were in it, and I declined to take it.

Q. When you spoke to Lord Strathcona in April last and told him that you did not know who the gentlemen are composing the North Atlantic Trading Company, did you mean to tell him that you did not know who were in the syndicate?

A. I did.

Q. You did?

A. I did. I think we were not talking about the syndicate, we were talking about the company.

Q. You were conveying to him that you did not know any one of the people belonging to that syndicate?

A. Well now, let us make it clear. I am mistaken in thinking that we were discussing the syndicate. We were discussing the company. And I made it very clear to him, as I have tried to make it clear to you, that I did not know positively until I had the list here who comprised the membership of the North Atlantic Trading Company.

Q. Had you an impression that the people who were the parties to the company were different from the people who were parties to the syndicate, or were they the same people?

A. I think that was possible.

Q. That they were not the same?

A. Yes, quite possible.

Q. And it was for that reason you told him you did not know?

A. No, it was not.

Q. If you had been candid with Lord Strathcona would you not have told him that you did know some of the syndicate?

A. Well, I was not certain of the syndicate.

Q. Then it comes back, that you did not know at all?

A. My conversation was candid and frank and honest from the beginning to the end.

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Q. After all these years, and with all your knowledge of these people whom you recommended so highly?

A. Yes.

Q. Knew all about their financial affairs?

A. Of the syndicate originally suggested.

Q. And yet you could honestly tell him that you did not know who composed the syndicate?

A. The company—we were talking about the company. I tried to make myself clear—the company and only the company we were discussing in April of this year.

Q. Would your answer have been candid if you told him you did not know who composed the company? But you now say that you did not know who were in the syndicate?

A. The thing did not come up.

Q. Would it had been a candid answer if he had asked you?

A. I was quite candid with him.

Q. When he asked you who composed the company you said you did not know?

A. I did not know for certain any one man who went into the company.

Q. Then you could not have the same answer as to the syndicate?

A. Yes—to be positive about it.

Q. Do you mean to tell this committee that after having these transactions, your report upon these people, your numerous communications with that company, that you could honestly tell Lord Strathcona you did not know the names of that syndicate?

A. I have already made myself very plain as to the meeting of the syndicate in the first place, and also to the fact that some of them who were there when we discussed it did not come into the company, and I did not know who of them went into the company, or if any of them went into the company. If I can make it more clear I shall be pleased to do so.

Q. Do you maintain that unless you tell them all you are entitled to make that answer?

A. No.

Q. When you knew any of them it would be your business to tell Lord Strathcona?

A. I do not know if it was.

Q. You don't explain that?

A. I have no explanation to make about it.

Q. If I asked you the names of a company and you had the names of two or three of them, could you tell me you did not know?

A. I did not know. I have told you that.

Q. Then it gets back to it again, after all these years and your explanation, you could say last April that you did not know one man in that syndicate?

A. I was not certain of one man in that syndicate outside of those whose names I have mentioned.

Q. You say that you are obliged to conduct this business with secrecy on account of the danger these gentlemen ran in Germany and Austria and other countries. I find that in the United States commissioner's general's report on immigration for 1905, the United States received from Austria-Hungary 275,693 immigrants?

A. Yes.

Q. Did the United States offer bonuses?

A. No.

Q. Do they conduct their business in secrecy?

A. I do not think they conduct any.

Q. Do the booking agents who send out these people act with secrecy or publicly?

A. They do not advertise at all.

Q. Do they hold offices open in an ordinary manner?

A. Yes.

Q. And in that way in Austria-Hungary in 1905 the United States without paying a dollar to any syndicate received 255,697 immigrants?

A. Yes, and I have gone through the emigration shed in Budapest and Vienna for the purpose of finding out among a large number of emigrants where they were going and what induced them to go, and nine out of ten would reply simply that they were going to America. They did not know anything more than that they were coming to this Western Hemisphere.

Q. The tickets were sold?

A. Yes, but there was no propaganda carried on.

Q. Don't they get a great many more than you did?

A. Of course they did. They are a much stronger magnet than we are.

Q. Denmark—10,068 came to the United States last year, 1905—more than you got?

A. Quite so.

Q. German Empire—40,574 came to the United States last year—more than you got?

A. Yes.

Q. Italy—did you get any from Italy last year?

A. Some.

Q. The United States got from Italy, including Sicily and Sardinia, 221,479; from the Netherlands, 4,954; Norway, 25,054; Roumania, 4,437; Russia and Finland, 184,897; Sweden, 26,591; Switzerland, 4,269; without any trouble from the law without any head bonus, without any propaganda they did all that?

A. You are giving your whole case away when you say without propaganda. We have to carry on a propaganda. We were not known until we started a propaganda. Since we started our propaganda we are getting more from Great Britain than the United States are getting.

Q. They have no open propaganda?

A. There is none at all.

Q. I am speaking now of secrecy?

A. Yes.

Q. And of the bonus?

A. Yes.

Q. These immigrants came to the United States openly?

A. Yes.

Q. Without trouble about the law?

A. Yes.

Q. Without anybody wanting it to be secret?

A. Yes.

Q. Can you give any explanation?

A. Simply because the United States is a stronger magnet than Canada, and better known than Canada.

Q. Will the fact that the United States was a stronger magnet than Canada justify the booking agent if he were arrested for breaking the laws there?

A. Nobody arrests him for selling tickets, nobody suggested that.

Q. Who would be running up against the law?

A. The people who carried on a propaganda. Since we began to carry on a propaganda, we have succeeded in getting 150,000 people that we could not have got without that.

Q. The United States has got these people and the booking agents have been quite safe?

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A. The same way in Great Britain. Up to the time we commenced our propaganda the great bulk of the British imigration was going to the United States. They never knew about Canada. We were getting 10 per cent. Now we are getting over 50 per cent, which we would not have got without a propaganda. There is no comparison of the cases at all.

By Mr. Gervais:

Q. Are you in a position to state for how many years back the United States has been offering inducements to bring in immigration?

A. Long before we commenced.

Q. What is the date?

A. I cannot tell.

Q. Is it as far as 1825, about?

A. I cannot tell you. It is a fact that at one time they did carry on a propaganda.

Q. Isn't it a fact that in the history of emigration to the United States as far back almost as the war of 1812, they have been offering inducements?

A. They have been for many years.

By the Chairman:

Q. What were the inducements?

A. They were low passage——

By Mr. Gervais:

Q. Almost free lands?

A. Yes, free homes.

Q. Through the instrumentality of the railway companies which have been overloaded with land for the last fifty years, for the purpose of colonizing and developing the Middle States, the Northern and Northwestern States, the Southern and Southwestern States, and premiums to booking agents from the same channels.

A. Yes, all these, I think which you mention.

Q. For half a century, and millions of dollars have been spent?

A. There is no trouble in getting it. The records would show the enormous expenditure of the United States.

Q. Now, they have created an immigration problem and they are trying to check it. As a matter of fact, the United States have for so many years carried on a propaganda of their own and through subsidized railway companies that they are now trying to check?

A. Trying to check the character of the immigrant.

Q. They want to control the quality?

A. Quite so.

Q. To prevent a labour problem?

A. To prevent certain classes not regarded as desirable coming in.

Q. Because all the lands will be taken and no land will be left for the children of the future generations?

A. Their action is based on public grounds, no doubt.

By Mr. Foster:

Q. Does the witness swear to that?

A. I am not swearing to it. Of course it is notorious. Any one who reads United States history knows it.

By Mr. Gervais:

Q. Do you know what was the population of Brazil in 1887?

A. I cannot tell you.

Q. Is it not a fact that the population has increased by ten million in twenty years?

A. I cannot tell you.

Q. Largely through assisted immigration?

A. I know they are assisting immigration to Brazil.

Q. Do you know, as a matter of fact, what has been the increase of population in Brazil?

A. I do not know.

Q. There has been a propaganda for the Argentine Republic, too?

A. Yes, both are carrying on a propaganda with the approval of the authorities over there. The immigrant pays for his fare to Brazil only four pounds, the balance being paid by the government of Brazil, and to the Argentine Republic five pounds, whereas the fare to Winnipeg, I think, is about eleven pounds.

Q. Then if so many people in Europe are bound to go to America, the Mecca, it is on account of a long policy of propaganda?

A. And also due to the fact that so many of their friends are there; they hear from them.

Q. And so many advertisements throughout Europe?

A. All the railway companies have done that in the early days.

Q. Now, would you read over the telegrams which have been handed to you?

A. At my last examination I think I told you, Mr. Barker, that I was cabling to try and get permission from the company to allow the embargo of secrecy to be removed, and it has been suggested that I should read to the committee a copy of the telegrams that were sent. (Reads).

'OTTAWA, May 28, 1906.

'TOROSUS, LONDON, ENGLAND.

'Communicate with North Atlantic Trading Co. that premier is pressing for removal of embargo of secrecy as to personnel of the company, believing that the publication of the names and addresses as contained in the confidential letter received by me would relieve the situation here and elsewhere, and also restore confidence in immigration work on the continent. It is highly important that this request should be conceded, and it is suggested that consultation with the authorities on the continent might result in an assurance being given against trouble. Taking the Canadian public into their confidence, is in my opinion a wise course to be adopted now both in the interests of the company and the Dominion. I sincerely trust this permission will be granted.

'(Sgd.) PRESTON.'

By Mr. Foster:

Q. To whom is that sent?

A. Sent to my secretary, with a view to communicating with the company.

By Mr. Barker:

Q. At whose instance?

A. At mine. I received the following reply. (Reads).

'PRESTON, OTTAWA.

'Continental Co. telegraphs as follows: "We cannot give permission to publish names, but agree to show lists to the premier on condition of strict secrecy. Breach of same would mean ruin to honest people, and discourage anybody to work for Canada in all future." Atlantic message ends

'(Sgd.) TOROSUS.'

To that I replied the same day:—

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'OTTAWA, May 30, 1906.

'TOROSUS, LONDON.

'You must press further for permission to secure removal of pledge of secrecy. The interests of company would be perfectly safe in pledged confidential committee of both political parties who could make inquiries as to bona fides of the syndicate and their resources for carrying on the continental work. Unless something of this kind is done the prospects are that I shall feel compelled to resign, although my promise of secrecy had approval of all my official superiors. You should get Lord Strathcona's consent to meet parties in Amsterdam.

'(Sgd.) PRESTON.'

Then on the following day I telegraphed Lord Strathcona from Montreal as follows:—

'MONTREAL, May 31, 1906.

'STRATHCONA, LONDON.

'Kindly instruct my secretary, Allan, to go the continent immediately to interview the North Atlantic Trading Co., to press for their consent for removal of embargo of secrecy.

'(Sgd.) PRESTON.'

The reply came on June 2 from Ottawa:—

'LONDON, June 2, 1906, via Ottawa.

'PRESTON, Port Hope, Ontario.

'Instructed Allan, as requested. He left for Amsterdam last night.

'(Sgd.) STRATHCONA.'

I find I have not got the reply with me. It was practically a consent that the premier should offer to submit the names in secrecy to a committee of the House.

By Mr. Barker:

Q. And still to be kept from the public?

A. Yes, under the pledge which was given seven years previously.

By the Chairman:

Q. Is that the end of the correspondence?

A. Yes. I will get that telegram—I must have mislaid it—and hand it in. I only want to add that in reading the evidence of Mr. Jury I find that on the last day he gave evidence here he stated that I had practically quarrelled with all the government agents in England and had endeavoured to injure them in their business. I have only to say that the whole of the statements contained in that paragraph are—mildly—absolutely untrue. I suppose parliamentary language will not allow of anything stronger. I then telegraphed:—

'TORONTO, June 8, 1906.

'Torosus, London.

'Jury reported in press to have stated in committee yesterday that commmissioner had quarrelled with all the agents and he was authorized by the agents to say so. Telegraph agents fully and cable me briefly replies from each.

('Sgd.) PRESTON.'

I received a reply on June 11, as follows:—

'LONDON, June 11, 1906.

'Preston, Ottawa.

'Agents replies. Walker, relations always most harmonious. Mitchell, statement unauthorized. Murray, relations have been of amicable nature, gave no authority to

anyone to say otherwise. O'Kelly, no quarrel, Jury has no authority to say so. Webster, relations have ever been most cordial. De Coeli, never quarrelled, relations always most agreeable. Awaiting Wiallard's reply.

'(Signed) TOROSUS.'

On the 16th, I received the following additional message:—

'LONDON, June 16, 1906.

'PRESTON, OTTAWA.

'Wiallard, states always found you most courteous, statement to contrary inaccurate and unauthorized.

'(Signed) TOROSUS.'

They represent all the government agents on the other side of the Atlantic. With respect to the booking agents, or steamship agents, I have only to add that I have had no unpleasant relations, no quarrel, with any booking agent either in the United Kingdom or elsewhere excepting one in Edinburgh, about whose accounts there was a dispute, and I also had trouble with John Ennis, of Liverpool, who gave up my private and confidential letters, which have been produced in this committee.

By Mr. Barker :.

Q. I think that shows that the sub-agents are a level headed set of fellows.

A. I think they are.

By Mr. Foster :

Q. I find in the Auditor General's report, L—28, certain accounts for printing. There seems to have been printing done by McCorquodale & Co. for immigration purposes?

A. Quite so.

Q. And also, printing was done by G. Street & Co., Ltd. ?

A. Quite so.

Q. Now, McCorqudale & Co. have done a good deal of work for the government ?

A. They have the last two or three years.

Q. Since you have been there ?

A. Yes, during part of that time.

Q. They are large printers—an important firm ?

A. Yes.

Q. One of the best ?

A. One of the best, yes.

Q. Now, Street & Co. who are they, what is their business ?

A. They are advertising agents, and I understand they have a printing business of their own, but on that latter point I would not be quite clear.

Q. That is the point I wanted. Do you know if that company conducts a printing establishment ?

A. I do not know, but I was under the impression that they did, and am now.

Q. If you were told that they have not, and that they simply have printing done for them under contract, that they get it done by some one else, you would not say it was untrue ?

A. I would not.

Q. You could not state positively ?

A. No.

Q. Here is a little pamphlet (producing pamphlet), called 'Classes wanted in Canada,' which I think has been published in your department ?

A. Yes. This was published by our department.

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Q. Printed in London?

A. I cannot tell you.

Q. No mark on it?

A. No.

Q. That is the pamphlet which is meant by 'Classes wanted?'

A. I am not sure. I think something was added. I think 'Classes wanted' was made more elaborate at one time, but just when I cannot say, whether this is the more elaborate one I am not clear.

Q. In what way made more elaborate?

A. Made larger.

Q. This then is the large pamphlet?

A. I think it is.

Q. Now, can you tell whether the same pamphlet, the enlarged or the less important one, which one was printed in London, or which of the two was printed in London?

A. There was an enlarged pamphlet in contrast with the pamphlets printed at McCorquodales. We had a revision of that pamphlet.

Q. Yes.

Q. My attention was directed to the fact that some 600,000 copies of the pamphlets printed by McCorquodales——

Q. 60,000?

A. The figures I was going to give are all wrong.

Q. 60,000?

A. Yes.

Q. I find you got 60,000 pamphlets from McCorquodale, and you paid him at the rate of 4·26 cents, and when you come to the Street Company they average 5·98 cents?

A. The Street pamphlet was the larger pamphlet.

Q. Are you sure of that?

A. I am quite positive about it.

Q. You are certain?

A. Yes, and I directed the accountant to get an estimate for this work and the one from Street's was lower in cost, taking all things into consideration, than the one from McCorquodale.

Q. Did you call for tenders?

A. For estimates from several companies.

Q. From McCorquodale?

A. No, not from McCorquodale for that, because we had McCorquodale's figures on the old one.

Q. That would be no guide as to what they would charge that one?

A. We were getting the previous pamphlet from them, they were not asked.

Q. So that you had no competition with reference to the Street pamphlet?

A. Only that other place.

Q. What other plaec?

A. I cannot tell you from memory.

Q. The Arundel Company?

A. No, no.

Q. Were these estimates asked for from advertising firms?

A. No, they were two or three printing firms that I told my acocuntant to get estimates from. We were wanting a considerable number of these and I know my accountant suggested that we might get them done in Holland reasonably. A great deal of printing goes to Holland from London. And I made inquiries and found Street's estimate was below any of them.

Q. You have not the list of those to whom you inquired for estimates?

A. No.

Q. Where is that record?
A. I daresay it is in London.
Q. Would it be on the records of the department here?
A. I cannot say.
Q. They ultimately come here?
A. My main estimates, not the printing estimates.
Q. The contracts, and the like of that, are they kept there?
A. Yes.
Q. And would not be in the department here?
A. No, they would not.
Q. You did not call for tenders from McCorquodale for that pamphlet?
A. No.

Mr. FOSTER.—That is all I want to ask.

By the CHAIRMAN.—Is there any statement that you wish to make; it is usual to allow witnesses to make a statement?

A. No, I do not think there is. I think I have covered the ground by the general denial I have given as to the relations with the agents in England.

The CHAIRMAN.—You are discharged, Mr. Preston.

WITNESS discharged.

The CHAIRMAN.—Before the committee adjourns, I want to state that I shall not be able to attend as chairman any longer this session, as I am leaving to-morrow for a prolonged absence from the city. I want to thank the committee collectively and individually for the uniform support and courtesy shown to the chair during the rather prolonged and sometimes arduous sittings we have had. I am very much obliged for the assistance given to me.

Mr. BARKER.—I think we ought not to let you go without saying something as to our own opinion of you as chairman, as to the way you have conducted the affairs of the committee as chairman. I beg to say that I think it has been most satisfactory. It is a very difficult position to fill and it is very difficult indeed to so conduct the affairs where people have different views that run foul occasionally.

I can say with all sincerity that I think the chairman has from first to last done his utmost to be fair and impartial, and I think he has been fair and impartial throughout.

Mr. FOSTER.—So say we all.

Committee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
Tuesday, 26th June, 1906.

Committee met.

PRESENT.—Mr. Geoffrion in the chair.

Messieurs:—Ames, Barker, Bennett, Blain, Campbell, Clare, Clarke, Desjardins, Emmerson, Fielding, Foster, Gervais, Hughes (Kings', P.E.I.), Jackson (Selkirk), Kemp, Kennedy, Lake, Lapointe, Loggie, Macdonald, Pardee, Reid (Restigouche), Roche (Halifax), Roche (Marquette), Sinclair, Sproule, Stewart, Stockton, Taylor, Zimmerman.

The following correspondence was read before the committee by the clerk, and it was ordered that the same be printed in connection with the evidence relating to the investigation into the accounts of the North Atlantic Trading Company.

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Ottawa, 22nd June, 1906.

Dear Mr. Belcourt,—

At the request of Lord Strathcona, I beg to send you inclosed correspondence to be communicated to the Committee on Public Accounts.

Yours very sincerely,

WILFRID LAURIER.

'The Hon. N. A. BELCOURT,
'Chairman of the Committee on Public Accounts,
'House of Commons, Ottawa.'

'17 VICTORIA STREET, LONDON, S.W.,
'November 15, 1899.

'DEAR MR. SIFTON,—I duly received your telegram dated the 16th ultimo, informing me that the proposed memorandum of agreement on continental work had been approved.

This was duly communicated to Mr. Preston, and the inclosed copy of a report to me from that gentleman on the subject will explain fully what had transpired up till that date.

'I append also a copy of the opinion given by Mr. Vesey Knox, to which Mr. Preston refers, on the proposed agreement, and copy of "additions to the opinion," subsequently sent me by Mr. Knox, through Messrs. Russell and Co., after further consultation with Mr. Preston.

'The following telegram was addressed to you on the 25th ultimo:—

"Consulted Russell. Deprecates proposed continental agency agreement as conflicting with continental laws. This would restrict emigration policy. As Preston deems it most desirable personally to explain position and consult you before proceeding further I favour his going Ottawa if you approve. Please cable now."

'In view of the legal objections raised to the agreement, to the fact that a formal agreement could not in any case be of much practical use, and that no reply was made to the above message, it was suggested that an offer, on the lines of the agreement, should be made to us by the firms interested, in the form of a letter, and that the arrangements should be completed by an interchange of correspondence.

'Mr. Preston, therefore, left for the continent on the 20th ultimo to carry out the proposal on these lines. I have since received from him a letter reporting the completion of the matter, and transmitting the correspondence, a copy of which is appended.

'The effect of the arrangement, as I read it, is that certain of the continental booking agents, and their friends, whose names have not as yet been given to me, are to form a company, which will endeavour to direct a larger emigration from Europe to Canada. The arrangement is not intended to apply at present to Scandinavia.

'The consideration is the payment of a per capita bonus on a rather higher scale than has hitherto been given (12 years being made the adult limit instead of 18), and a contribution of £500 towards the expenses of literature for circulation. But it is a condition that the heads of the families are to be possessed of not less than $100.

'Personally, I do not see that there is much difference in principle between the new scheme and that formerly in operation, excepting that the former is to be confined to a few of the booking agents. I hope, however, that those who are excluded may not, in consequence, be made antagonistic to the interests of the Dominion, and that the new arrangement may turn out to be of an advantageous nature.

'Of course, we cannot dispute the fact that it involves certain risks. I gather, from what has transpired, that Mr. Smart and Mr. Preston have considered the matter from all points of view, and that they do not think that there is more risk attaching to the new proposal than to the old one, while, in their opinion, it has the advantage of being more systematic, and likely to lead to better results—which I trust may prove to be the case.

'As to the policy followed in the past, I may say at once that it has not been so successful in its results as we could have wished; but, in making any general statement of the kind, some regard must be had to the difficulties of the situation.

'When the work of promoting emigration from the continent was inaugurated, we practically had no foreign settlements in Western Canada, and consequently were lacking the most powerful magnet for attracting immigration.

'On the other hand, the United States had been working for many years on the continent, and had the advantage of direct steamship communication, which we did not, and do not now, enjoy to any great extent.

'In consequence, they were able to attract a large foreign population, which yearly drew more and more people to it. There is no immigration agent as potent as the successful immigrant. Besides, they secured the great bulk of their people before we were in the position to offer prairie land to any extent to emigrants to Canada; and in times which were less prosperous on the continent than those of recent years.

'The former bonus arrangements were framed, I believe, on the lines adopted by the American railway companies, and we have only paid for results achieved, apart from the expenditure of about £500 a year on an average for printed matter.

'It may be a question whether all the agents have distributed our literature as they should have done, but it is certain that the pamphlets were prepared in consultation with the agents, that they were only supplied with what they asked for, and that not an inconsiderable proportion of each issue was distributed direct to addresses obtained in our own offices.

'In fact, our work has been going on all the time, necessarily unobtrusively, but I think the results are beginning to appear. I am satisfied that without these efforts we should never have secured the Galicians, the Doukhobors, or have been able to attract so much attention in Finland, and in the Molokane and German districts of Russia; and it is not likely either that our foreign immigration would have grown as it has done, but for these efforts.

'You are aware that during the last three years, for example, our continental immigration to Manitoba and the Northwest has reached about 25,000 in all—5,012 in 1897, 5,906 in 1898, and this year up to date 7,980, exclusive of Doukhobors and Galicians, who have gone out since the bonus was withdrawn—so that in the period from 1897 inclusive we have sent out more than in the previous 12 years—since 1885—when the bonus was first adopted.

'There is now quite a respectable nucleus of foreigners in Canada, and there is sure to be a certain movement towards Canada each year in addition to the Finlanders and others we expect, although, of course, it may perhaps be increased or decreased according to the policy in operation from time to time.

'There has been another disadvantage under which we laboured, and I am glad to notice that, in the proposed new arrangement, this has been born in mind. I refer to the uncertainty of our arrangements. In 1889-90, the bonus was altogether withdrawn. Since then there have been frequent suggestions for its suspension, and as you know, within the last two years the bonus on the Galicians was discontinued, commenced again, and again discontinued, and now it is to be renewed. To be successful on the continent our policy must be continuous, until we are in a position to let immigration more or less take care of itself—which is now largely the policy of the local governments in the United States, and of the railways.

'I inclose a copy of the instructions sent to the Liverpool agent to notify certain of the continental agencies of the suspension of our bonus arrangements.

'I need hardly point out that the new arrangement must be regarded as very confidential, and that it must not be made public in any way.

'Believe me,

'Yours very truly,

'The Honourable CLIFFORD SIFTON, (Sgd.) 'STRATHCONA.

'Minister of the Interior,

'Ottawa, Canada.'

APPENDIX No. 3

OTTAWA, November 30, 1899.

'Dear Lord STRATHCONA,—I am in receipt of your letter of the 15th ultimo addressed to Mr. Sifton, and in reply would say that I have not had an opportunity of consulting him before writing, as he is now in the west and is likely to be there for some weeks. I note the attached letters from Mr. Vesey Knox and Charles Russell and Company, expressing their legal opinion on the matters referred to them in connection with the new arrangement for work on the continent; also the letter addressed by the Trans-Atlantic Trading Company to Mr. Preston and his reply thereto. It is now, I presume, to be understood that all the matters in connection with this arrangement so far as getting it under way is concerned, are fully completed and that the scheme is in practical operation. Allow me to explain to you my reason for failing to reply to your cablegram referred to in your letter, in which you suggested that it might be well for Mr. Preston to come over and consult the department before proceeding with the negotiations. I had already cabled twice, I think, to Mr. Preston stating that I did not think it advisable for him to come over but that it might be well for him to send forward a statement explaining the difficulties, so that the department might have an opportunity of examining into the objections before deciding definitely as to Mr. Preston's coming. In the meantime, the matter seemed to have been adjusted satisfactorily by the suggestion in your letter,—that instead of a formal agreement being prepared and executed, a letter from the Trans-Atlantic Trading Company with a reply would cover the ground and enable the arrangement to go into effect. I trust that you will not think that there was any disposition to ignore the cable, as there certainly was not, my view being that it was possibly unnecessary that the expenditure and delay which would be caused by Mr. Preston's visit here should, if possible, be obviated.

Regarding the legal objections which were taken to the proposed arrangement, I have only to say that even from my very meagre knowledge of the restrictive laws of a number of countries on the continent with respect to immigration work I would have had very little doubt that the legal opinion given by Mr. Knox was what might have been expected, because no doubt taken in a strict legal sense any work, be it great or small, or even a suggestion which could be considered as inducing emigrants to leave these countries would certainly be termed a violation of the laws. Indeed, I do not see that the government can do work of any description in any countries where emigration is prohibited by legal enactment, without being open to the charge of an infringement of the law. If we were to quietly sit down and take no action to direct attention to Canada it would simply mean that other countries would reap the benefit of the large emigration from continental Europe. If the present proposal is a violation of the laws of any of the lands in which work is to be done, the arrangement which it superseded was certainly much more so, as it practically created an agency of the government in every little town throughout the continent—if such agencies were not created for the purpose of inciting emigration I do not think that they could be of much use. On consideration, however, I am inclined to the belief that while the laws regarding emigration in Germany and other countries may be very stringent, within proper limits the governments of these countries would not undertake to make any serious objection to a reasonable amount of advertising. This must be very evident when one considers that steamship agents in all parts of the continent are allowed to carry on their business, every one of whom is open to the charge of offering inducements to emigrants to move. The same might be said with regard to any foreign newspapers or books which are sent into these countries for advertising purposes. On the whole, therefore, I am inclined to take what may be considered a very broad view of the case, but am disposed to think that possibly you have put the matter in better form by having it in the shape of correspondence between the company which is to undertake the work and the department, rather than an agreement executed by all parties, as was first intended.

'I quite agree with you that there is not a great deal of difference in principle between the new scheme and the former one, excepting that the work will be centred

in probably a few of the most influential shipping agents on the continent instead of being made a general one in which all steamship agents, local and otherwise, were made parties to it. Of course this, together with the money standard for every head of a family and possibly what might be considered an increase in the amount of the bonus, would be the only important difference between the new and the old arrangement. You express the hope that the steamship agents who are not taken into this arrangement will not be made antagonistic to the interests of the Dominion, but from my experience I am inclined to think that many of these persons have never been very favourably disposed, if we are to judge by the results attained. I note the extended remarks in your letter with reference to the conditions under which work has been done in the past, and I must say that it is most generous on your part to express yourself as you have done, in attributing much, if not all, of the present success to those who were engaged in the work before you were directly connected with it. It is not surprising, of course, that those who have for many years been engaged in emigration work on the other side should claim that Canada is to-day reaping the fruits of their past labours. It is, unfortunately for Canada, a fact that the success attending the efforts to induce emigration from foreign countries prior to the time that you assumed control of your office was extremely limited, and without attempting to belittle the work of those in charge it is both fortunate and gratifying to know that the results within the last two or three years have been much more satisfactory. I am free to express the belief that even greater success is in store for us in the future. This, of course, can only be expected if all concerned are willing to avail themselves of every opportunity to push the work to the utmost of their energies, and I think I can safely promise that the officers in charge on this side will do their part in caring for and treating the people well after they come to Canada. It is quite true, as suggested in your letter, that the work of immigration will be very much assisted and made easier by the success of those who have already been induced to move to Manitoba and the Northwest Territories. I might be permitted to add that our experience in the United States has been somewhat similar to that on the continent. For many years the department made spasmodic efforts to attract emigrants from the United States to the Northwest, with very little success, but for the past two years work has been carried on in the steadiest and most persistent way, and a stream has been started which bids fair to assume very large proportions as time goes on.

'My only excuse for writing this rather lengthy letter was the extended remarks of yours which I felt called for reply.

'With kindest wishes, believe me,

'Yours faithfully,

'JAS. A. SMART.'

Inclosures.

'17 VICTORIA STREET, LONDON, S.W.

'April 28, 1906.

'MY DEAR SIR WILFRID LAURIER,—In the proceedings of the Committee on Public Accounts, as reported in the Toronto *Globe* of the 5th instant, I notice it is mentioned that I opened the negotiations which led to the existing arrangement with the North Atlantic Trading Company. In general discussions which have taken place in parliament on the subject, according to reports which have reached us, the responsibility for doing so has also been assigned to me. The object of this letter is to explain that I wish to disclaim having originated or carried through the negotiations in question.

'I may state, in the first instance, that somewhat similar proposals to those on which the agreement, or understanding, ultimately entered into was based, had been

informally made, but not entertained, before they were again put forward by the then Inspector of Emigration Agencies early in 1899.

It is only proper to add that the suggestions never commended themselves to my better judgment; but it was urged upon me so strongly that a trial might be given to the scheme, and it was received with so much favour by the Department of the Interior, that I did not feel justified in the circumstances, in withholding such assistance as I could properly give to carry into effect the declared policy of the department.

'The draft of the proposed agreement was arranged and in effect settled by Mr. Smart, the Deputy Minister of the Interior, who came to England for the purpose of investigating and dealing with the matter personally. It was brought to my notice in its early stages in the autumn of 1899, but a further conference, which was to have been arranged before Mr. Smart's return to Canada never took place, owing to his unexpectedly sudden departure. That gentleman, however, took the document with him to Ottawa, and its approval by the minister was conveyed to me by cable on October 16, 1899.

At my suggestion, and in view of the fears I entertained as to the possible consequences that might arise from the conclusion of agreements of the nature of those proposed, the matter was then submitted to our legal advisers, and to counsel, with the result that an opinion was given adverse to the suggested agreement on the ground that it might cause diplomatic complications. And in the end the arrangement was recorded in an interchange of letters with the Trans-Atlantic Trading Company as it was then called (the name being subsequently changed to the North Atlantic Trading Company) in October and November, 1899, that course it was considered, being open to less objection than a formal contract.

'The understanding between the government of Canada and the company, as defined in the correspondence referred to, was amended from time to time, but no actual contract was signed by the Minister of the Interior until November 28, 1904; and in this connection it may be mentioned that although in that contract the company is described as a body politic and corporate the North Atlantic Trading Company was not incorporated until June, 1905. I had no connection at all with the negotiations which followed the first interchange of letters, the Department of the Interior having placed itself in direct communication with the company.

'My views on the whole question were fully explained in a letter I wrote to Mr. Sifton on November 16, 1899, a copy of which is inclosed; and the course decided upon by the department is explained by the deputy minister's letter to me dated the 30th of that month, a copy of which is also appended.

'It seems unnecessary for me to add anything to what I have already stated to make clear my desire not to be held as having initiated the negotiations with the North Atlantic Trading Company. While personally, I could not approve of the proposed arrangements, I felt it incumbent on me, under the circumstances, to carry out the policy of the government, but, at the same time, I wish most distinctly to disclaim the direct responsibility attributed to me in the matter.

'I shall feel much obliged if you will be so kind as to give directions for this letter to be placed formally on record.

'Believe me, my dear Sir Wilfrid Laurier,

'Very sincerely yours,

'Sgd. STRATHCONA.'

'The Right Honourable
'Sir Wilfrid Laurier, G.C.M.G., &c.,
'Prime Minister,
'Ottawa, Canada.'

'LONDON, May 12, 1906.

'MY DEAR SIR WILFRID LAURIER,—In my letter of the 28th ultimo, I referred to my desire not to be associated with the direct responsibility for the arrangement between the government and the North Atlantic Trading Company, or for the negotiations that took place.

'I feel, however, that I ought to supplement my letter so far as regards the question of emigration generally. From the time of my appointment as High Commissioner I was, as you are aware, very much impressed with the necessity for an active emigration propaganda, both on the continent and in the United Kingdom, as my frequent despatches, and many recommendations, to the Minister of the Interior will show.

'In the interests of the work, I visited the continent early in 1898. Among other places I went to Hamburg, Bremen, Berlin, Vienna and Paris. My impressions and suggestions, were contained in three letters I addressed to Mr. Sifton on March 23, in that year.

'It was very evident to me, at that time, as the result of my inquiries, that our preparations, and the co-operation we were receiving on the continent, would inevitably result, in the near future, in a large emigration to the Northwest. And, besides, my visit enabled me to give a further impetus to the negotiations in connection with the movement of the Galicians and Doukhobors, which laid the foundation for the increasing emigration that has been taking place ever since.

'My principal reason for not favouring a hard and fast contract with any body of individuals like the North Atlantic Trading Company, was the fear that it might land us in difficulties with some of the governments concerned. There was also the consideration that they would obtain the advantage, without any great expense or effort to themselves, of the movement which was bound shortly to take place, as the result of our continuous educational work with the various agencies of the continent. My idea was that the agents who had been working on our behalf, should themselves participate in the bonuses; and that we should endeavour also to secure the co-operation of the large Continental Steamship Companies—which it would not have been difficult to arrange, judging from my interviews with the North German Lloyd Directors, and Mr. Ballin of the Hamburg American Line—gentlemen of great influence on the continent—as reported in my letters before referred to. Of course it would have been possible to gradually lessen the bonus payments as the emigration increased—the increase being the natural consequence of the work that was being done, and of the successful settlement of the people who were going out from year to year.

'I do not wish to minimize in any way the energy shown by the Department of the Interior in the promotion of emigration. They have certainly been alive to the importance of the question, within the last seven or eight years, and have not hesitated to incur increased expenditure on the work, which I may say was recommended for many years before it was adopted. They are, therefore, entitled to credit for the increase in the emigration that has taken place; but it must not be forgotten that the continuous and effective work which had been going on for some years, in adverse circumstances, both here and on the continent, had prepared the way for the larger movement that set in when the proper time arrived.

'Briefly, therefore, I will conclude by saying that I am and always have been in favour of a vigorous emigration policy on the continent, in the United Kingdom and in the United States. At the same time, however, I did not view the agreement with the North Atlantic Trading Company with any personal favour for the reasons stated above; and I am inclined to the opinion that the emigration which has taken place would have been at least as large, in ordinary circumstances, under the arrangements in force prior to 1899.

'I am sure you will understand, in writing this letter that I only wish to make my own position clear, and that I have no desire whatever to reflect in any way, either

upon the Department of the Interior or its officers in connection with the arrangements made between the government and the company.

Believe me, my dear Sir Wilfrid Laurier,

'Very sincerely yours,

'(Signed) STRATHCONA.

'P.S.—It may perhaps be convenient for reference that you should have copies of the three letters to Mr. Sifton referred to above and I inclose them herewith.

'S.

'The Rt. Hon. Sir WILFRID LAURIER, G.C.M.G.,
'Prime Minister,
'Ottawa, Canada.'

LONDON, May 19, 1906.

'Laurier, Ottawa.

'Preston in his evidence as reported in press, stated have said I admitted that certain papers stolen from his office are in possession of Griffith. I made no such admission. I was informed certain letters were in Griffith's personal possession, not with office papers, and Griffith absolutely denied they were stolen from Preston's office, which statement rests so far as I know on Preston's assertion. Preston also reported have stated that in 1898, I held meeting steamship agents Hamburg, at which possibility enlarging field operations continental emigration Canada was discussed. This statement does not correctly represent what took place. See my three letters to Sifton, March 23, 1898, reporting my conversations with the persons I saw during visit. No general meeting of Hamburg agents held; statements about action German government in connection my visit exported doubtless unintentionally, Count Hatzfeldt did mention it to Lord Salisbury, and Mr. Chamberlain, and communicated conversation to me. I explained the nature of my visit to continent, which had more to do with general questions and with the steamship companies than with German emigration in particular. My explanation was regarded as entirely satisfactory. See my letter marked confidential to Sifton of May 18, 1898, inclosing copy my letter to Chamberlain. Preston's reported statement that I was aware of negotiations with North Atlantic Trading Company from beginning to end only partly accurate. I knew of them it is true as reported to me, but I took no active part in the negotiations which were conducted under direct auspices Department Interior. My letter to you 28th ultimo and 12th instant, and inclosures, explain position so far as I am concerned. You had full explanation regarding alleged stolen letters and Leopold affair, when I was in Ottawa in January.

(Signed) 'STRATHCONA.'

'LONDON, June 16, 1906.

'Laurier, Ottawa.

'Desire call attention following statements made by Preston in evidence as reported press Montreal *Gazette*, May 19 and 30; statements about my knowledge and approval of agreement proposed in 1899, and as altered subsequently, inaccurate and misleading, see my letters to you April 28 and May 12. Made no suggestions influencing negotiations and never heartily approved principle. Montreal *Gazette*, May 19, Vesey Knox states never spoke or wrote to Colmer on matter and does not understand Preston's suggestion, his opinion, and supplemental opinion expressed his decided views on questions submitted to him uninfluenced by anybody. The opinion was sent to Preston and me personally by Russell on October 20, 1899. It is true respective letters put in wrong envelopes by Russell, but letter to me sent to Preston in error

was not in terms stated by Preston. Mistake discovered by Russell next day and put right. Following are only letters that passed, leaving out short words. To Preston begins: As arranged with you 18th instant, now inclose copy Knox's opinion connection proposed agreement. You will see Knox of opinion not safe for Government enter into proposed agency agreement for reasons set out. Have sent copy opinion High Commissioner. Ends. To Strathcona, begins: Referring our interview this afternoon when discussed Knox's opinion this matter, now inclose copy opinion as arranged. Have also forward copy Preston, Hamburg. Ends.

These statements made on authority Russell and Vesey Knox. Toronto *Globe*, May 24, have no recollection whatever that Preston tendered his resignation to me in circumstances he states, and I never expressed any dissatisfaction with his conduct or work, neither did I state to anybody that Griffith told me Sifton and Smart anxious get excuse dismiss Preston. Toronto Globe, May 30. Do not think my letters to members government should be read to Committee without my authority or that of department. Might easily be prejudicial public interest. Have not seen official report of evidence. Only incomplete returns in press, which may not be wholly correct, but in any case think this telegram and my cable 19th ultimo and letters of April 28 and May 12, should be given to Committee, also inclosures to letters, except copies my three letters March 28, 1898, to Sifton, which in judgment not in public interest to publish.

(Signed) 'STRATHCONA.'

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

CONCERNING THE ACCOUNTS OF

F. L. BROOKS & CO.

AND

GEO. T. MERWIN

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY.
1906

[App. No. 3—1906]
3—22½

HOUSE OF COMMONS,
COMMITTEE ROOM, No. 32,
July 7, 1906.

The Select Standing Committee on Public Accounts beg leave to present the following as their

FOURTEENTH REPORT.

Your committee have had under consideration the accounts, vouchers and other papers relating to payments to F. L. Brooks & Co., as set out at pages P—55 and 97, and to George T. Merwin, as set out at pages P—15, 22, 32, 57, 98, 101, 105 and 140 of the report of the Auditor General for the fiscal year ended June 30, 1905, and in connection therewith have examined witnesses under oath, and for the information of the House report herewith the evidence given by such witnesses, and the exhibits filed; and your committee recommend that the same be printed.

WILLIAM ROCHE,
Acting Chairman.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
WEDNESDAY, May 2, 1906.

The Select Standing Committee of the House of Commons on Public Accounts met this day at 10.30 o'clock a.m., Mr. Belcourt in the chair, and proceeded to the consideration of the accounts of F. L. Brooks & Co., as set out at P—55 and 97, and the accounts of Geo. T. Merwin, as set out at P—22, 32, 57, 98, 101, 105 and 140, of the Report of the Auditor General for the fiscal year ended June 30, 1905.

Mr. CHARLES E. DAWSON called and sworn, and examined

By Mr. Northrup :

Q. You live in Montreal ?
A. Yes.
Q. What is your business?
A. Clerk with F. L. Brooks & Company.
Q. Who are F. L. Brooks & Co.?
A. What business are they in?
Q. Who are they?
A. Commission agents and lighting and lighting fixtures, International gas.
Q. Who are the people that are represented by that name—a joint stock company?
A. F. L. Brooks; he is in New York.
Q. He lives in New York?
A. Yes.
Q. Who is the F. L. Brooks Company? An incorporated company or just a name?
A. It is a registered company.
Q. Is it a partnership or an incorporated company?
A. A registered partnership.
Q. Where is it registered ?
A. In the Montreal Tutelle office.
Q. Who are the people composing this firm of F. L. Brooks & Co.?
A. F. L. Brooks and G. T. Merwin.
Q. Are they the whole firm?
A. Yes.
Q. Who is G. T. Merwin?
A. He is the junior partner, he is with Brooks.
Q. Where does he live?
A. In Montreal.
Q. What is his business?
A. F. L. Brooks & Co.; he represents the firm in Canada.
Q. Then I understand that F. L. Brooks & Co. is the name of a partnership composed of Brooks and Merwin?
A. Yes.
Q. Is that right?
A. Yes.
Q. And Brooks lives in New York?
A. Well, he is there a great deal of the time.

Q. Where does he live?
A. He lives in New York.
Q. And Merwin is in Montreal?
A. Yes.
Q. Which one of these persons manages the business, has charge of the business?
A. Brooks.
Q. In Canada?
A. Well, Brooks does the most of it.
Q. Who is the individual who looks after the business in Canada?
A. He does most of it.
Q. What does Merwin do?
A. He looks after the outside part of it; Brooks is the head of it.
Q. Let us understand one another. This firm does what kind of business?
A. Any commissions.
Q. Anything in the line of commissions?
A. Principally lighting and lighting fixtures.
Q. Have they any warehouse?
A. No.
Q. They have an office?
A. Yes.
Q. Where is their office?
A. In the Sovereign Bank building.
Q. One room?
A. One room—a double room.
Q. Two rooms—double rooms?
A. No, double rooms.
Q. Two rooms
A. Two rooms.
Q. In the office of the Sovereign Bank building?
A. Yes.
Q. Are these the only premises they possess?
A. Yes.
Q. Their business is wholly a commmission business?
A. Yes.
Q. And with whom do they do their business mainly?
A. Anyone that they can.
Q. With whom do they do business mainly?
A. How do you mean?
Q. Who are their customers?
A. Anybody that will buy lights or gas fixtures?
Q. Who is, as a matter of fact?
A. I cannot tell you all their customers, unless I had——

By the Chairman:

Q. Name the principal ones, Mr. Dawson, who are their principal customers?

By Mr. Northrup:

Q. Is not their business almost exclusively with the Government of Canada?
A. Oh, no, not exclusively.
Q. Almost exclusively?
A. We have got a good deal of business with the government.
Q. Is not their business almost entirely done with the Government of Canada?
A. Oh, no.
Q. What percentage of their business would be with the Government of Canada?

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A. I cannot give you any idea of that, what percentage.
Q. Mr. Brooks resides mainly in New York?
A. Yes, principally.
Q. Does he have anything to do with the carrying on of the business in Canada?
A. Oh, yes.
Q. He spends some time in Canada?
A. Yes. He spent more time in Canada before I came.
Q. You don't know what time he spent in Canada in the year ending June 30 last?
A. I cannot tell you that.
Q. Would you in your position know of the contracts between the Dominion of Canada and this firm under which any goods have been supplied for the year ending June 30 last?
A. No.
Q. Have you possession of the papers?
A. No, I have not got possession of any papers. I keep the books and attend to the customs entries.
Q. And you only went into the company's business last September?
A. Yes, the middle of September.
Q. You had nothing to do with it prior to that time?
A. No, I had not. I was not in Montreal for more than two months, and I had nothing to do with it.
Q. Where would be Mr. Brooks address in New York if we wanted to find him?
A. I do not know.
Q. Wouldn't there be something in the office books to give that?
A. I have not got anything in any books that I keep.
Q. You have been connected with the business since last September?
A. Yes.
Q. And up to this time you have not learned the address of the head of the firm?
A. I have not had any correspondence with him at all.
Q. As a matter of fact you do not know his address.
A. No, I have not got any papers.
Q. That is no answer?
A. No.
Q. Can you get it for us and send it to the Chairman?
A. Well, I might ask. I do not know whether I could get it or not.
Q. You will try and get it from the firm? Mr. Merwin is in Montreal?
A. Yes.
Q. You will see him?
A. Yes.
Q. You will ask him to try and let us have Mr. Brooks' address?
Mr. Merwin is here.

Witness discharged.

Committee adjourned.

Committee Room No. 32,
House of Commons,
Wednesday, May 9, 1906.

The Select Standing Committee of the House of Commons on Public Accounts met this day at 10.30 o'clock, a.m., Mr. Belcourt in the chair, and proceeded to the further consideration of the accounts of G. T. Merwin, Montreal, as set out at P—15, 22, 32, 57, 98, 101, 105, 140, of the Auditor General's Report for the fiscal year ended the 30th Junes, 1905.

Mr. GEORGE T. MERWIN called and sworn, and examined

By Mr. Northrup:

Q. You sold some goods to the government I believe, during the year ending June 30, 1905?

A. Yes, sir.

Q. You sold under your own name?

A. As an agent.

Q. You sold under the name of George T. Merwin?

A. No, I sold as an agent.

Q. You always sold as an agent?

A. I always sold as an agent.

Q. There is a company called F. J. or F. L. Brooks.

A. F. L. Brooks & Co.

Q. Are you connected with that company?

A. I am a member of that firm.

Q. At the present time, of whom is that firm composed?

A. F. L. Brooks and myself.

Q. A registered partnership?

A. Yes.

Q. When was that partnership as it exists to-day registered?

A. Well there was an error made in the registration of the firm.

Q. Tell us that afterwards. When was it registered?

A. I cannot tell you the exact date when the correction was made?

Q. You can explain the matter afterwards, but I would like to have my question answered as to when the partnership was registered.

A. I cannot tell you the exact date, I cannot recollect it. It is not over a month ago.

Q. Is it over two weeks ago?

A. I guess it is more than two weeks.

Q. You think it is more than two weeks?

A. I think it is.

Q. When the particular partnership between yourself and Brooks was registered?

A. That is the correction.

Q. Prior to that time was there a registered partnership with F. L. Brooks?

A. It was registered when it was first started.

Q. Under whose name.

A. It should have been F. L. Brroks & G. T. Merwin.

Q. But it was not?

A. No, it was an error on the part of my attorney in Montreal.

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Q. Let me get at the facts. When was the partnership registered between you and Brooks that was entirely in your name?

A. Well, I think it is years ago since we started business in Montreal, that firm.

Q. If I were to state that it was registered on the 22nd May, 1905, would you contradict that or would you think that would be about right?

A. Well I think it was registered before that.

Q. I am informed by one who made search. You think it was before that?

A. I think it was before that.

Q. But whenever it was, the partnership was registered as being only yourself?

A. Yes, it was registered that way and as I say it was an error on the part of my attorney.

Q. When did you discover that error?

A. It was probably a month or six weeks ago when my attention was called to it by the Bradstreet agency.

Q. A month or six weeks ago your attention was called to it by the Bradstreet agency?

A. Yes.

Q. Then what did you do?

A. I took it up to my attorney and told him to correct it.

Q. So that within the last five of six weeks you have filed a dissolution of partnership?

A. He had to do it, he told me he had to do it.

Q. You filed the dissolution of the original firm and you have since registered?

A. He told me he had to file the dissolution of the original firm and register it over again.

Q. And that has been done.

A. That has been done.

Q. Then if I were to tell you that your dissolution was registered on the 27th April, would you contradict it or would you agree with it?

A. I should have to agree with you because you evidently have the information and I have not got it.

Q. It is not long ago?

A. No.

Q. It is only within a fortnight. So, if I were to ask you if the dissolution of partnership, which was exclusively in your name, was registered after you were subpoenaed to attend this Committee would you say it was or was not?

Objection made to the question by Mr. Gervais who states that the documents themselves can be obtained from the proper officer in Montreal.

By Mr. Northrup:

Q. I will put the question in another way. Did you instruct your attorney to dissolve that partnership after you were subpoenaed to attend here?

A. I cannot remember when I received my subpoena, but think it was a week ago Monday, and I am almost sure I instructed him before that to make the correction.

Q. How long had the firm been doing business with the government?

A. I think the first business we got from the government was in 1903, the latter part of 1903, I think.

Q. Was there a partnership at the time you first began to do business with the government?

A. Yes, sir.

Q. Where did Mr. Brooks live at that time?

A. New York.

Q. Has he lived there ever since?

A. Yes.

Q. And you live in Montreal, I believe?

A. Yes.

Q. Was there any reason why some of the contracts with the government were in your individual name and some in the name of Brooks & Co., or was it just accidental?

A. No. Some of the contracts I have had with the government were in the name of F. L. Brooks and some of them in my name as an agent for the Safety Company, and for the Submarine Signal Company.

Q. Then am I to understand that the reason some of the contracts with the government were under your individual name and some under the name of the company was because you are only acting as an agent.

A. That is right.

Q. So, that in any accounts where the name of George T. Merwin appears, it would be your name acting as an agent?

A. As an agent.

Q. Was it only with the government this was the case or was it the same in your ordinary business transactions?

A. The same in my ordinary business transactions.

Q. Take the accounts for the year ending 30th June, 1905, what was the sum total of the goods that you sold in your own individual name?

A. Well about $160,000.

Q. And what is the amount that the company sold?

A. I have not totalled up the amounts.

By Mr. Brodeur:

Q. Did I understand you to say that you sold to the Department of Marine $160,000, or was it to the government?

A. To the department.

Q. Since when?

A. The year ending June 30, 1905.

By Mr. Maclean (Lunenburg):

Q. Since 1903?

A. Since 1903.

Q. Since 1903?

A. Since 1903. That is when it goes back to.

By Mr. Northrup:

Q. The question I asked the witness was how much goods he individually sold to the government to the year ending 30th June, 1905, under the name of Merwin?

A. Well, I have not got the figures for the year. I have not figured it up for the year. You mean from July, 1904 to June 30th, 1905?

Q. Yes, certainly.

A. Well I did not go over it to figure it up.

Q. Well perhaps I can tell you. Look at page 57, you have the accounts there.

A. That is $23,260.25.

Q. Now look at page 98?

A. I will have to figure that up. There are a good many items.

Mr. GERVAIS.—The grand total is about $162,000.

By Mr. Northrup:

Q. Will the witness submit that he was right in the first instance in putting down the amount of his individual sales at $162,000?

No answer.

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Q. Now look at page 98 and see if you will not find $65,000 there?
A. Has any one figured that up yet?
Q. Just see what the amount is roughly?
A. There is $62,000 or $63,000 there.
Q. Now look at page 101?
A. The amount there is $68,500, or call it $69,000.
Q. Then look at page 105?
A. There is $435.
Q. I will not spend time on small matters. You put in some submarine apparatus in four of the small boats. Now at pages 15, 18, 22 and 32 there is $600 more?
A. Yes.
Q. So that these items added together come to over 160,000 worth of goods that you personally sold to the government?
A. Yes.
Q. Now tell me how much the firm of Brooks and Co. sold to the government that same year. Take page 55?
A. $16,600.
Q. Then page 97?
A. $9,900.
Q. And then page 85, please?
A. $9,410.
Q. Then look at page 114?
A. $7,900.
Q. And page 105?
A. $2,800.
Q. And page 167?
A. $7,250.
Q. Those added together amount roughly to over $50,000, do they not?
A. Well, I have not the memorandum.
Q. Well, add up the figures and the sales by the Brooks Company would come to over $50,000?
A. Yes.
Q. So that altogether you, individually and through the company, sold over $200,000 worth of goods to one department.
A. Yes.
Q. Were any of these goods sold without advertising for tenders?
A. I was invited to bid on them, on a good many of them.
Q. Apparently you must have been invited to bid on all of them. But are you aware that in any single case tenders were called for?
A. No.
Q. You are not aware?
A. No.
Q. Did you contract with the government personally in consequence of seeing any advertisement for tenders?
A. No.
Q. How then did you come to sell these goods to the government, let us have the procedure?
A. You will have to divide these things between the Brooks Company and the agency in order to get at it intelligently.
Q. Well, take yours, we will drop the Brooks account in the meantime. Take the $160,000 that you sold?
A. I was the agent for two different companies here.

By the Chairman:

Q. Was the procedure different in the two cases?
A. No, not really.

By Mr. Northrup:

Q. What I am asking in the meantime is, how did you come to sell these goods? Did you go to the government, or did they come to you?

A. Well, on page 22 there is 'Equipping steamer with submarine apparatus as per contract, $150,' that is shown, I think, in six different cases. I believe there were six steamers equipped. The Submarine Signal Company, of Boston, made a contract with the government to equip those steamers with their apparatus and they charged $150 apiece.

Q. Do you personally know how that contract happened to be made, were you the go-between?

A. No, I was not, not in that conrtact. I was the agent of the company in Canada, the Canadian agent.

Q. Well, how did you first hear of that contract?

A. Their manager, Mr. Millett, told me that he had made a contract with the government.

Q. I will not go any further about that. As far as these steamers are concerned, the government made a contract with the company in the eastern states which you represented here, and through their manager you were instructed to go ahead?

A. Yes, sir.

Q. Take the bigger items—at page 57, that is one account you sent in?

A. That material is furnished by the Safety Company of New York for buoy lighting. That is a special buoy-lighting apparatus.

Q. Admitting all that, how did you come to sell all those goods to the government? How did the contract come about?

A. There was no contract.

Q. Well, how did you come to deal with them? What was the first step?

A. I was the agent in Canada for the Submarine Safety Co., and I came here and met the late Mr. Sutherland. I took the question up with him of furnishing buoy materials, and he wanted prices, and I gave them to him.

Q. That was years ago?

A. And then afterwards Mr. Préfontaine went to the department.

By Mr. Gervais :

Q. What did you do with Mr. Sutherland?

A. Why, he purchased some of the material after I had given him the prices and after I had given him the personal guarantee that the material was first-class in every respect, and would perform the service which he said was required.

Q. Who was the minister with whom you had conversation, and in consequence of which you went ahead with the supplies?

A. Mr. Sutherland.

Q. Did you get any order from Mr. Sutherland?

A. No. The orders I got all came from some of his officers.

Q. When he was minister, who did you get the order from?

A. From him, he told Col. Gourdeau and his engineers to purchase that material from me. He had to purchase it from us because there was no one else supplying that class of material.

Q. Then the first order you got from the Marine Department came through the late Hon. James Sutherland?

A. Yes.

By Mr. Northrup :

Q. I cannot go into the matters of those early days. I am asking about these goods that you sold?

A. That is as I mentioned.

APPENDIX No. 3

Q. These goods that appear in this present item, how did you sell those?
A. I received orders from the government to furnish them.
Q. Have you the letters?
A. No, but copies of the letters are here.
Q. Let me see the letters ordering the goods?
A. I have not the letters with me; they are on file in New York. Everything of that nature is on file in the New York office.
Q. I thought you were asked to bring all the necessary papers?
A. Probably I can explain that. I act as agent and receive these orders. After the official orders are filled they are sent to New York and are filed and remain there.
Q. Was there one letter for all these orders?
A. Oh my, no. They have been ordered at different times. I never accepted an order from the government unless I got it officially.
Q. Then you say that all those orders came in the same way by letter from Ottawa?
A. No. Some of them came by orders from Prescott and some by orders from Montreal.
Q. But in every case would it be by letter from some person?
A. A letter from some officer of the department.
Q. And has there been an agreement as to the prices to be charged?
A. I submitted prices in all cases.
Q. Before or after receiving such a letter ?
A. Before I received the letter.
Q. I wanted to get at the first letter as to how the contract was made under which you sold these goods?
A. There was a good deal of that done verbally in talking the matter over with Mr. J. F. Fraser and Mr. Hugh P. Bouchier.
Q. Who is he?
A. He is in Montreal.
Q. And Fraser at Prescott?
A. Fraser at Prescott. They wanted to know what this apparatus could do, and I told them.
Q. This was a new apparatus you were putting in?
A. It was new to them; it was not new entirely.

By Mr. Brodeur :

Q. Which apparatus do you refer to?
A. It all pertains to buoy lighting—buoys and buoy lanterns and valves and flanges. They are all special goods that we make. I do not think there is another firm in the world makes them.
Q. All these items included in page 57 relate to the buoy lighting?
A. Yes.
Q. It is all relative to buoy lighting the whole of that class of goods.
A. Yes.

By Mr. Gervais:

Q. All these goods are patented are they not?
A. Not all of them.
Q. But the essential parts?
A. Yes.

By Mr. Northrup:

Q. Are these spar buoys?
A. Spar buoys.

Q. Are they patented?

A. No they are not patented.

Q. Tell me the price of these spar buoys in that one item which is in the Auditor General's report there?

A. The spar buoys, we have three different styles of them.

Q. I am referring to that particular item. How much in that particular item went for spar buoys?

A. The spar buoys cost $1,600 a piece.

Q. There are 12 spar buoys at $1,600 each?

A. Yes.

Q. Therefore out of that item of $23,000, over $19,000 was for spar buoys?

A. Yes.

Q. And those are not patented?

A. No, there is no patent on the buoy itself. There is a patent on the lantern. There is a lantern goes with each buoy.

Q. Well these are spar buoys?

A. Yes.

Q. These we understand you to say are not patented?

A. The buoy is not patented.

Q. And the spar is not patented?

A. The spar is part of the buoy. We call it spar buoy because of its shape.

Q. So that we have the spar buoy not patented? What about the lamp?

A. The lamp is patented.

By Mr. Brodeur:

Q. In the $1,600 was the lantern included?

A. Yes, sir.

By Mr. Northrup:

Q. I have been trying to ascertain just how these orders were given. Did you go up and see Mr. Fraser or Mr. Bouchier or did they come to see you?

A. I had to come up here to see Mr. Fraser.

Q. I am referring to this $23,000 item now?

A. These buoys you mean?

Q. This whole item?

A. Well, you take the buoys alone.

Q. Yes, take them.

A. We designed that buoy for a swift current. We sold them one and they found it would answer the purpose. It would stand up in the St. Lawrence river with a current running anywhere from 9 to 10 miles and they wanted more to put in the lower channel and they ordered 12 at that time and at that same price.

Q. You remember the transaction then. Afterwards 12 spar buoys were ordered?

A. Yes.

Q. Where were you then?

A. I was in Montreal.

Q. Who gave you the order.

A. They sent me a letter.

Q. A letter ordering these 12 buoys?

A. The 12 buoys.

Q. When they were ordered had there been any negotiations as to price?

A. I made the price for them, what it would be.

Q. Then before that you must have been talking with them as to buying these buoys?

A. They wrote to me wanting that special buoy.

Q. It began that way?

A. That is the way it began.

Q. And you gave them your price?

A. Yes.

Q. And then received an order for 12?

A. Yes.

Q. You remember that fact?

A. I do.

Q. You received an order for 12 in that year. Did they buy any more of those buoys the same year?

A. Yes, they bought some more of them.

Q. How many more of them, can you give us any idea?

A. They ordered some more that year, but whether they were delivered before June or not I cannot say now.

Q. Have you any recollection as to how many more they ordered.

A. All told I believe, to the best of my recollection, they bought 40 or 42 of these buoys, these swift current buoys.

Q. I do not pretend to know how many they bought, but look at page P—98 and see the last item?

A. It is 18.

Q. 18 at $1,600?

A. Yes.

Q. Then look at page 101 please?

A. 20.

Q. It is the very first item

A. They bought 20 there.

Q. 20 more.

A. Yes.

Q. So that would be 50 they bought?

A. 50.

Q. Now you told us how the first 12 were ordered. Do you remember how the second and third lots were ordered?

A. The same way.

Q. So far as to the ordering. When were they delivered?

A. Well, it takes us about five or six months to deliver them.

Q. Can you give me any idea as to the date when they were ordered?

A. No, I cannot give you the dates now.

Q. Well, about the dates?

A. No, I could not tell you.

Q. There is nothing in your correspondence that you have to show us when these orders were given.

A. These orders are all in the New York office.

Q. Is there anything to show when they were delivered?

A. Yes, I have receipts from them.

Q. Have you those receipts here?

A. No, sir.

Q. Well, surely that is something we should have?

A. Well, they are all in New York, as I told you before. After the orders are executed all these papers are sent to the New York office and remain there. If you will pardon me, I think you will find copies of the papers on file here.

Q. What office will they be in?

A. In the Marine and Fisheries department.

Q. What office in New York?

A. At our office, 160 Broadway.

Q. What is the name of the firm?

A. The Safety Car Heating and Lighting Company.

Q. Then I understand that you have not any papers to show when they were delivered?

A. I have not any in my possession now.

By Mr. Gervais.

Q. You are a mere commission agent, that is all?

A. That is all.

By Mr. Northrup:

Q. As a matter of fact, do you know if a great many of these 50 were delivered in the year ending June 30, 1905?

A. They were all delivered.

Q. You say they were all delivered?

A. Yes.

Q. For the year ending June 30, 1905?

A. Yes.

Q. Can you tell me where they were delivered?

A. At Montreal. They took them at Montreal right off the dock.

Q. To whom delivered?

A. Some were delivered to Capt. Allison, who was then in charge of the str. *Scout*, and some were delivered to Mr. Bouchier. There were 31 or 32 delivered to Mr. Bouchier. He is the agent at Montreal. He took them down and put them down the river. I do not know where he put them, but some went to Quebec.

Q. They were all delivered before June 30, 1905?

A. Yes.

Q. Were they imported into this country?

A. Yes.

Q. From where?

A. From Germany.

Q. Referring to these spar buoys?

A. Spar buoys, yes.

Q. At what port did they enter?

A. Montreal.

Q. About what time? Just before they were delivered over to the Marine department?

A. Yes, the steamers would come in there and they would take them off the dock. I would deliver them to them there and would put them right on their boats.

Q. They would have to pass customs?

A. Yes.

Q. Was there duty paid on them?

A. No, sir.

Q. There was no duty paid on them?

A. No.

Q. In figuring out the price you charged the department, did you include duty?

A. Oh, no. Mr. Sutherland told me—I asked him about that particularly—and he told me that all goods that the government imported were admitted free, so in figuring on prices I never figured on duty.

Q. But, of course, they had to be entered at the Customs?

A. I had to enter them at the Customs, yes.

Q. Take his other items in that first page, we started at page 57, outside of spar buoys. Were the materials made in this country?

A. None of this material was made in this country.

Q. From where were the other items imported then?

A. Let me see what that stuff is. (Refers to Auditor General's report, and reads): 'Filling valves, shut off valves, holder valves, flanges, screws, flange tees, regulators, triangular glasses,' and there was gas buoy lanterns, are all made in Germany.

Q. They are all imported?

A. All imported.

Q. Through the port of Montreal?

A. Yes, sir.

Q. At about the same time as the spar buoys?

A. Oh, no. Those small materials we ordered at different times, not at the same time as those spar buoys.

By Mr. Gervais:

Q. Did you import directly through the port of Montreal or through New York?

A. Through the port of Montreal.

Q. Most of them?

A. Yes. The company I represent manufactures those things in Germany.

Q. Manufactures them in Germany?

A. That is the only place where they make those spar buoys or welded buoys.

By Mr. Northrup:

Q. All these goods set forth at page 57 were sold by you as agent for that company whose name I have given before?

A. Yes.

Q. Now, take page 98. The articles there come to about $65,000. How were these articles ordered?

A. The same way.

Q. In each case the department wrote to you asking for figures or something or other, and you would give the figures and get the order? Is that it?

A. Well, lots of these were standard fittings, and they had the one price. The price was given and they knew what it was.

By Mr. Gervais:

Q. There was a price list?

A. That was the standard price.

Q. Did you order any amount of them?

A. Yes. The same price was charged whether we ordered a few or whether they wanted a hundred.

Q. To what minister did you give that price list?

A. First to Mr. Sutherland and later to Mr. Préfontaine.

Q. The first minister to get a copy of that list was Mr. Sutherland?

A. The Hon. James Sutherland.

Q. These prices have never been changed afterwards.

A. No.

Q. The same schedule of prices?

A. The same schedule all the way through.

By Mr. Northrup:

Q. Just look at the last item, I am not quite sure I understand it, 'Less advance 1903-4, $25,000.' Do you see that?

A. That was not an advance, that was a credit; that was an account.

Q. It is the same thing?

A. It was on account. They owed me over $25,000 and they gave me that on account.

Q. I think we understand one another now. If you will look at that item, page P—98, you will see the first lines shows some $64,000 or $65,000; do you notice at the top there is the sum total of these goods?

A. On page P—98, yes.

Q. If you look at the last item you will see you were paid $25,000 on account the previous year?

A. That is an advance—'less advance, $25,000.'

Q. Yes. That shows, then, that these goods which are charged for really come to $90,000 instead of $64,000. That gives $25,000 more, they had paid $25,000 on account the previous year?

A. No, I do not see how you make that out.

Q. I think I am right?

A. You say that it is——

Q. If you will look at that——

A. I would like to have the Auditor General explain that to me.

By Mr. Gervais :

Q. You have prepared a report?

A. No. I cannot see where they make that out.

By Mr. Northrup :

Q. All these items come to $65,000 or to $90,000?

A. $65,000, so that would be the amount of goods supplied the government.

By the Chairman :

Q. No.

A. Whatever it amounts to, I have not figured it out.

By Mr. Northrup :

Q. It has been added up and you will find the bill came to $90,000. You got $64,000 one year and $25,000 the year previous. So that when in the earlier part of your examination you spoke of your personally selling over $160,000 worth of goods to the government that one year, it should have been $190,000?

A. If you figure it that way—I did not figure it that way.

Q. That would be the effect?

A. The effect—I did not get the figures accurate or correct there; they are just figured up roughly.

Q. It is perfectly evident from the Auditor General's Report if you look at the last item, 'spar buoys, 18 at $1,600; standard buoy lanterns, 4 at $300, less advance 1903-4, $25,000.' And there is only $5,000 carried out in the columns of this year—multiply 18 by $1,600 and you will get $27,000, so that the goods cost $30,000. Therefore the goods that you personally sold the department last year came to about $190,000 instead of $160,000?

A. Figuring it that way—goods delivered last year.

Q. That we are dealing with in these accounts?

A. Yes.

Q. Contracted for in the previous year—they came to about $190,000 instead of $160,000?

A. I am not taking into account these fiscal years. These are goods, some of them, which take six or eight months to get them ready.

Q. But looking at it you can see that the items come to $30,000. The item includes goods to the value of $25,000 more which were delivered last year?

A. Yes.

Q. As to these items on page P—98, they were all ordered in the same way?
A. Yes.
Q. As far as you know was anybody else competing with you at all?
A. They could not compete on those goods.

By Mr. Gervais:

Q. They were patented goods?
A. Some of them.

By Mr. Northrup:

Q. These goods, too, were imoprted from Germany to Montreal?
A. Yes.
Q. And you told me before about goods being delivered to the government's employees in Montreal. Did the same occur with regard to those that were delivered during the year ending June 30, 1904?
A. To the best of knowledge they were. Some of them might run over after June.
Q. You would not send their bill to the government charging for an article that had not arrived?
A. I could not do that.
Q. So that when we find the bill here we are entitled to assume these goods were all delivered?
A. Yes, sir.
Q. Take the next item, page P—101, $68,540. These spar buoys I suppose, were the same class?
A. Yes, that was the same class of buoys.
Q. Bell buoys the same?
A. No, a bigger buoy, with the automatic bell ringing apparatus.
Q. Were these brought from Germany too?
A. Yes.
Q. And entered in Montreal?
A. Yes.
Q. 'Installing light ships, 5 at $650.' Who did that?
A. That is the Submarine Signal Company account. You have got the papers all there.
Q. I am taking them as I find them in the book here?
A. Five at $650. That is all the submarine signal account, all except the first two items.
Q. Then in your examination so far you have told us about being agent for the Safety Car Heating and Lighting Company?
A. Yes.
Q. You are agent for this company?
A. The Submarine Signal Company.
Q. You are agent for them in this country.
A. Yes, I was at that time.
Q. When these contracts were made?
A. Yes.

By Mr. Gervais:

Q. Your contract is terminated now?
A. Yes, I terminated my contract last year?

By Mr. Northrup:

Q. All the work is done, I suppose?
A. No, there is a lot more for them to do here.

Q. I see your account here for installing four light ships $650, $2,600; professional services, plans and specifications for electric shore stations, $850?

A. Yes.

Q. Where were those four light ships installed?

A. One of them is the 'Lurcher' lightship at Anticosti; the 'Red and White Islands,' and there is another one down there. I cannot recall the names now.

Q. For installing four lightships, each $650. I notice there is one more, the Princess Shoals light ship?

A. That is another one.

Q. You don't know where the other is?

A. I cannot think of the name now.

Q. You personally did not install them?

A. No, I did not do it personally.

Q. You know they were properly installed?

A. I know they were installed. I got a report on them and gave it to the government showing they were ready for operation.

Q. You were prepared to say they were installed before 30th June, 1905.

A. Yes.

Q. What is the meaning of the last item on that account, 'plans and specifications' for electrict shore stations, $850'?

A. The government asked the Signal Company to send a man qualified to report on the thing and he went all along the coast.

Q. What to do?

A. He made soundings, took observations of the headlands and so forth, and then got up a set of specifications and plans for these stations.

Q. Then the government decided to purchase the light ships?

A. No, it was not light ships, it is signal apparatus, installing stations for the submarine signal apparatus.

Q. 'For installing four light ships?'

A. It is installing submarine signal apparatus on board the light ships, not putting light on, but just installing apparatus.

Q. Then the item I am asking about is 'Professional services, plans and specifications for electric shore stations?'

A. They wanted to install a number on shore suitable to ring this submarine bell, wanted to know the best place to put them, so we had Mr. Gale go there and he spent some time along the coast with one of the government engineers from the Halifax agency.

Q. He spent some time—tell us what this installation has to do with communication between a ship and the shore?

A. This submarine bell is in the water, and it is rung by a mechanical contrivance. A ship equipped with the apparatus can locate that bell anywhere from five to seven miles away, regardless of the conditions of the weather. It is in the water, and they can hear that bell. It is wireless telephone.

By Mr. Lemieux:

Q. Is it a protection against the rocks?

A. Yes, in case of fog they can hear the bell.

By Mr. Gervais:

Q. The apparatus is fixed on the rock?

A. No, it is submarine—in the water, away from the shore.

APPENDIX No. 3

By Mr. Northrup:

Q. This contract was made some time ago, and the government employed somebody, or your company, to go along the shore to decide where stations were to be located?

A. Yes.

Q. Instead of employing one of their own officers?

A. Their own officers could not have done it.

Q. Your man was paid $850?

A. The company was paid $850 for his services for preparing the specifications and for preparing a full set of blue prints and plans.

Q. This was done under the contract which your company had with the government?

A. Yes.

Q. Now, are all the items in this page that we are at now, page 101—in what capacity were they sold by you, as agent for the Submarine Signal Company?

A. Yes.

Q. And all imported from Germany?

A. No, not the submarine signal apparatus.

Q. Where were they imported from?

A. From Boston.

Q. All the items on this page would have been imported from Boston?

A. Not all the items—that is on page 101.

Q. Yes?

A. The first two items, 20 spar buoys and two bell buoys——

Q. They were sold by you as agent for the other company?

A. Yes, the Safety Car Company.

Q. And then we may say that all the items in this were sold by you either as agent for the Safety Car Company or as agent for the Submarine Signal Company?

A. Yes.

Q. Then take the next item, page 105. In what capacity were these sold?

A. Screens, reflectors—these are all small fittings relative to buoy lighting and lighthouse work.

Q. They were sold by you as agent?

A. For the Safety Car Company.

Q. What are these reflectors, $285—are they for lighthouses?

A. 300 of them, $285.

Q. What are they?

A. They were required when they adopted acetylene gas, after they stopped using compressed oil gas they had to have new reflectors.

Q. I can see that. I understand. I think you said that these articles that you sold from the two companies were all patented articles?

A. Not all of them.

Q. What percentage would be patented articles?

Mr. BRODEUR.—Take the big items.

A. Probably 35 per cent.

By Mr. Northrup:

Q. And the balance unpatented articles?

A. Yes.

Q. Whether patented or unpatented they were sold by you without any competition?

A. Yes.

Q. And the prices were fixed by yourself?

A. Yes.

Q. Now, as to patented articles, was there any reason why these particular patents should be used if they were required for the use of acetylene gas?

A. They had to use them for that apparatus for acetylene or compressed oil gas. It is the best known device; they can't get anything better.

Q. If any other gas or light had been used than acetylene gas they would not have been necessary?

A. Yes, they were using compressed oil gas and had to have them.

Q. Couldn't they get other articles than these for use with any other light than acetylene?

A. Not that we know of, there is none in the market.

Q. Take Pintsch gas, are they necessary with that?

A. The Safety Car Company is the Pintsch Gas Company.

Q. And they have a monopoly, have they?

A. Well, really we have, because no one seems to care to compete with us, or does not seem to.

By Mr. Fielding:

Q. There is no one else making it; what would be the use of advertising for tenders when no one else makes them?

A. No, take the Spar buoys, solid steel welded buoy, there is no one else making them here in Canada, and there is not business enough for them to do it, they would have to put up a plant to make them.

By Mr. Gervais:

Q. Have you a foreign patent, is it patented in other countries—there is no other people having such a patent?

A. No, it is patented all over. No one would put up a plant to manufacture buoys here, because they would not have any business.

By Mr. Northrup:

Q. Do you happen to know of your own knowledge how the St. Lawrence is lighted on the American side. Is the acetylene gas used?

A. No, sir, it is not.

Q. What is used?

A. Oil, and it is a very poor light.

Q. Do you happen to know what is used to light the Mersey at Liverpool?

A. Compressed oil gas with a percentage of acetylene.

Q. It is not the same that we use here in Canada?

A. No, it is not pure acetylene.

Q. Do you know what is used to light the Thames?

A. Compressed oil gas with a percentage of acetylene.

Q. They do not use the same as is used in Canada?

A. No.

Q. Great Britain does not use your acetylene gas?

A. We do not make acetylene gas.

Q. Great Britain does not use it?

A. They use a percentage of it.

Q. In combination with something else?

A. With compressed oil gas, Pintsch gas.

Q. Then for lighting purposes, it is not used anywhere else than Canada?

A. Yes, sir, it is used all over the world.

Q. I thought you just told me different. It is different in the old country?

A. No, I told you a different gas. The device is the same there, whether you are going to use pure acetylene or not, take for instance the buoy lantern where you are

burning pure acetylene, you would have to have the inside metal part of your lantern of nickel.

Q. I am not sufficiently expert to go into the whole question.

A. I am trying to explain it to you.

Q. I want to find out whether the same kind of gas we are using is used in the United States on the St. Lawrence, and you said no?

A. It is the same kind of gas that you were using on the St. Lawrence river before pure acetylene was used. In the United States they use compressed oil gas, or Pintsch gas; in Great Britain they use compressed oil gas with a percentage of acetylene gas.

Q. That is what you said at first. We used on the St. Lawrence before this present system was introduced, Pintsch gas, like the Americans, did we not?

A. Yes.

Q. They are using to-day the same we used before this new system was instituted, so that it goes back to what I said before, that neither in the United States or Great Britain are they using the same gas?

A. I beg pardon, you said they were using the same device.

Q. No, gas, the same illuminant?

A. In Great Britain and the United States they both use compressed oil gas; in Canada they are using compressed acetylene gas.

By the Chairman :

Q. With the same device?

A. The same device.

By Mr. Fielding :

Q. Is the apparatus the same for both of these except in respect to the nickel inside for the lantern?

A. That is the only difference. That is where the reflectors come in; they would have no reflector in this lantern.

By Mr. Northrup :

Q. Ten years ago both sides of the St. Lawrence were lighted by the same kind of gas.

A. Ten years ago—I do not think they had a gas buoy in the St. Lawrence ten years; they had not a gas buoy, I believe, ten years ago; they had some below Quebec, but I do not think they had any above that point.

Q. Starting before your company commenced to supply the government, at that time both sides of the St. Lawrence between Kingston and Montreal were lighted by the same kind of lights, were they not, both American and Canadian?

A. No. When I came to Canada a little over five years ago the Canadian government had some compressed oil gas buoys, compressed gas buoys operating on the St. Lawrence between Kingston and Montreal, and from Montreal down to the Gulf. Up in the Thousand Islands there were one or two buoys owned by the American government, but I cannot tell you how long they had been there; I do not know.

Q. These buoys on the American side are, at all events, using the Pintsch gas?

A. Yes.

Q. Are you aware that some of the buoys using the Pintsch gas exploded?

A. I have heard of one.

Q. Of course, you have heard that some buoys in which the acetylene gas is used have exploded. How do you account for that.

A. I do not know anything about acetylene gas or the burning of it. I am not prepared to go into details.

Q. But you supplied the buoys?

A. I never manufactured the acetylene gas, but every one of those buoys is strong enough to stand twice the pressure they are subjected to; they are all tested.

Q. I think this question is germane, I am trying to ascertain what is the cause of that explosion. It might have been the fault of the gas or of the buoys.

A. It has never been proven that it was the fault of one of these buoys.

Q. Now, we will take the goods that Brooks & Co. have sold; take page P—55, $16,000 I think it is?

A. No advance on this, is there?

Q. Look at the account of F. L. Brooks & Co.—were you the person who acted for Brooks & Co. in the sale of these articles described here?

A. Yes.

Q. Just tell me how you came to make your bargain in reference to these articles?

A. They asked me what I could furnish them for, I gave prices, and they ordered the goods.

Q. The government approached you and asked you what you could furnish these articles for. You gave them the prices; they accepted the prices you gave and ordered the goods?

A. Yes.

Q. Who was the officer or representative of the government that came to you?

A. I think that was J. F. Fraser. ....

Q. The Mr. Fraser you have spoken of before at Prescott?

A. Yes.

Q. Would the greater part of these articles on page P—55 be ordered for the Prescott depot?

A. Yes, they were all ordered for the Prescott depot.

Q. Did he give the order for them by letter or seeing you personally?

A. He gave me an official order for them, a letter.

Q. By letter?

A. Yes.

Q. Would the whole transaction be by letter?

A. No.

Q. Would these letters be written to you as an individual or to Brooks & Co.?

A. F. L. Brooks & Co.

Q. How do you account for Mr. Fraser knowing when to write to you as Mr. Merwin and when to write to you as Brooks & Co.

A. Well, he would write according to what material he wanted. If he wanted or if any of them wanted, anything relative to the buoys or lighthouse work, he would write to me as agent of the Safety Company.

Q. And if he wanted anything else?

A. If he wanted any submarine signal business he would write to me as their agent.

Q. And if he wanted anything else in the world outside of what these two companies sold he would write to F. L. Brooks & Co.?

A. No, he would not if he wanted anything else in the world; there are lots of things I could not give him.

Q. I asked you before how you accounted for Fraser knowing when to write to you individually and when to write to Brooks & Co.

A. I have just explained that.

Q. How would he know?

A. Well, he knew what goods he wanted and he knew where to buy them.

Q. How did he know if he wanted certain goods, that he must write to Merwin, and if he wanted certain other goods he must write to Brooks & Co., although Merwin would get the letters eventually?

A. Brooks & Co. are in the commission business.

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Q. But how did Fraser know it?

A. I told him.

Q. You met Fraser?

A. I met him three years ago.

Q. You told him Brooks & Co. were in the commission business and if he wanted anything to buy cheap for cash to go to them?

A. I would not say 'cheap for cash' because they never paid cash, but they got it just as cheap from Brooks & Co. as if they got it from anybody else.

Q. These articles that were sold by Brooks & Co., would you say that Brooks & Co. were agents for all those manufacturers that produced these goods mentioned here?

A. They are commission agents.

Q. I understand that in a general sense, but you would not say they were commission agents for all these manufacturers?

A. No.

Q. I suppose that all these manufacturers would in fact have sold to him as readily as to the Brooks & Co.?

A. No they would not.

Q. You say they would not?

A. No, because a good deal of that machinery is not made here and the manufacturers have their agent here in Canada.

Q. And if they had their agents here in Canada, and Brooks & Co. were not the agents, why could not the department have got these goods from those agents as well as from Brooks & Co.

A. Because they have their own agents and they want to deal with them, unless you want to pay higher prices.

Q. You have two Jones Underfeed Stokers, complete with engine, fan and boiler front in position for service, $2,550. Did you sell those.

A. Yes.

Q. To whom?

A. To the government.

Q. But who was the individual?

A. Mr. Fraser.

Q. Just tell me if you can recollect that one item how you came to sell these to Mr. Fraser?

A. He wanted to install two Jones underfeed stokers under two boliers at the Prescott depot, and he asked me if I could get them; he said he knew what Jones would furnish them for and that there was another Toronto firm would furnish them, and he knew what they would furnish them for. He asked what I would put them up for.

Q. That is to say, Mr. Fraser suggested the price to you, was that it?

A. No, it was not. He told me he knew what they would put them in for, and the suggestion was to get down underneath those fellows. I did not know what Jones would put them in for or what the Toronto firm wanted, for doing that work.

Q. Let us understand now; you and Mr. Fraser had a conversation?

A. No, he wrote to me.

Q. It was all in writing—he told you by letter he wanted these stokers?

A. Yes.

Q. He said he knew what these other people could do it for?

A. He said he had been communicating with these Jones underfeed people and that he had also communicated with other Toronto people?

Q. He said that he had been in communication with the Jones people and also with another Toronto firm?

A. Yes.

Q. And he knew what the Jones company would charge?

A. Yes, what they would charge him.

Q. And then he asked you for a tender.

A. He asked me what I could furnish them for.

Q. And you told him for $2,550?

A. Yes.

Q. Now, did you not know that that Jones Company was putting these very same things in Prescott at the same time for less money?

A. That the Jones Underfeed Stoker Company were putting them in for him?

Q. No, in other places at Prescott. Were you aware that the Jones Underfeed Stoking Company were putting, and did put in these stokers at other places in Prescott?

A. I did not know that.

Q. You are not aware of that?

A. No.

Q. I am informed that you either met their agent there or had reason to know that their agent was in Prescott tendering at hundreds of dollars less?

A. I did not know anything about that.

Q. Are you aware of your own knowledge that, just about the time you put those articles in for the government, the Jones Underfeed Stoker Company in several places in Prescott, the Wiser Distillery say, and other places were putting in similar articles at hundreds of dollars less?

A. I was not aware of it.

Q. Have you not heard of it—do you not know they will put them in anywhere for about $990 apiece?

A. No, sir; not at the time these were put in, they would not, according to the price they gave me.

Q. Did you buy these goods out and out from the Jones people?

A. Yes.

Q. And you sold them to the government?

A. Yes.

Q. Have you the invoice from them?

A. I got the invoice, yes.

Q. Can you show it?

A. No, sir; that is on file, I cannot show you that; that shows their price to me.

Q. That is what I wanted to get at?

A. I cannot tell you that.

Q. You were the intermediary, you were asked to put them in?

A. I cannot tell you the prices that people sell me goods for.

Q. Would you deny that the price was $500 less?

A. I could not deny it and I could not affirm it; they might sell goods to you at one price and to me for another.

Q. Can you deny that they sold it to you at $500 less than what you sold it to the government for?

A. I will not answer that, I will not affirm and I will not deny it.

Q. You will not?

A. I will not.

Q. I ask you what was the price you paid the Jones people for those goods?

A. I cannot tell you that.

Question objected to by Mr. Gervais.

WITNESS.—I cannot tell you what I paid for goods, that is, I can tell you, but I will not tell you. That is my own business.

By Mr. Gervais :

Q. As the hon. member for Grenville last night in the House made a somewhat awkward statement that nobody was able to deal with this Marine Department with-

out giving a commission to some of the officers of the department—Mr. Merwin, are you ready to swear that neither directly or indirectly you have paid one cent to any officer of the Marine Department?

A. I am prepared to swear.

Q. For the last three years?

A. I have never paid one cent.

Q. You have never paid one cent to anybody in this Marine Department or to anybody about this government?

A. No, sir; I never gave up one cent to anybody.

Q. All the transactions have been straightforward?

A. Yes.

Q. And the prices have been fair and reasonable commercial prices all around.

A. What I considered a fair price.

By Mr. Northrup :

Q. This whole transaction, I understood you to say, as to the sale of the stokers, arose from correspondence between you and Mr. Fraser?

A. Yes.

Q. If I were to say that I am informed that you went to Prescott and talked this matter over with Mr. Fraser, would I be accurately informed?

A. On that one point you would not, because I do not ever recollect going there; I have been to Prescott frequently, but not on the question of the Jones underfeed stokers.

Q. That is the one item I am speaking about?

A. To the best of my knowledge, as near as I can remember, Mr. Fraser wrote to F. L. Brooks & Company asking what they would furnish two Jones underfeed stokers for, set up complete.

Q. I understand that, but that is not the point I am asking you about?

A. I am trying to get at it, I saw Mr. Fraser afterwards and told him then, I forget whether he told me or wrote to me saying that he had quotations from these other people, and he told me he had prices from them. He said, 'there is business, if you can get under it, all right; if you can do as well as they can, all right.' I got my prices, told him what I could do it for, and he gave me the order to do it.

Q. I infer from what you say that you got the lower prices and furnished the goods?

A. He told me he had prices, but did not tell me what those prices were.

Q. He never told you afterwards that you had underbid the others?

A. I suppose I did, because I got the order.

Q. Well, you say you did not go to Prescott in connection with this very transaction and had a talk with Mr. Fraser there in the presence of some other people?

A. In connection with this one transaction.

Q. Yes.

A. I do not remember ever talking over the Jones underfeed stoker business in Prescott.

Q. Will you say you did not? If I remind you of the conversation, will you say under oath that you did not go to Prescott and other people were present, and that you talked the matter over there?

A. I tell you that if you say the question of prices was discussed or the question of furnishing goods, I have been there to find out what they wanted and have submitted prices.

Q. I am referring of course to this one specific article?

A. I do not recollect.

Q. Then, while you were negotiating——

By the Chairman:

Q. I understand that you have the names and dates of the conversation, Mr. Northrup, I think it would be fair to the witness to give him both?

Mr. NORTHRUP.—What I am willing to do is this, to say to the witness that while he was there negotiating shortly before the contract was made that a conversation took place——

Mr. Gervais:

Q. On what date and what are the names of the party present?

By Mr. Northrup:

Q. I gave the name of Mr. Fraser who was present with some other parties, I have described the conversation generally.

WITNESS.—You want me to get down right to the exact words.

Q. I am not asking you that. You said you did not remember whether you had been in Prescott and whether you had that conversation. Will you deny that you met Mr. Fraser in Prescott, that you had a conversation with him about the price to be paid to the government, and that at that very time, and in that very conversation you were told that the Jones Underfeed Stoker people were willing to put in these stokers in other places in Prescott for a much smaller sum.

A. I deny that.

Q. That you had a conversation with Mr. Fraser to that effect?

A. That I had a conversation to that effect.

Objection by Mr. Brodeur that if Mr. Northrup wanted to bring witnesses to contradict the witness's statement, it would only be fair to give the names of parties present at the conversation and the date.

The CHAIRMAN.—I do not think we are bound by the very strictest rules of evidence, if we were I do not think that Mr. Northrup could ask the question at all or contradict his own witness; if we were bound by the very strict rules of evidence, so far this gentleman is Mr. Northrup's witness and if he were in court he would not be allowed to contradict him unless he showed special cause. If he intends, that may be the intention, to contradict the witness as to a conversation in a certain place he would be deprived from going into any evidence to contradict this witness unless he states the occasion, the date and the names of the persons present, unless he puts the witness distinctly on his guard, and intimates clearly to the witness that he intends to contradict his statement. He must give the meeting, the date, and the occasion, the circumstances and the time so that there can be no mistake afterwards.

By Mr. Northrup:

Q. This is the question I will put to the witness; do you remember having a conversation with Mr. Fraser of the department, at Prescott, during the time you were negotiating for the sale of these Jones Underfeed Stokers in the presence of some other parties when the question of the price that the Jones people would charge was discussed?

A. I do not remember ever having a conversation of that kind at all.

Q. Will you say that you did not?

A. I do not remember ever having a conversation with Mr. Fraser relative to the prices, where we were comparing prices.

Q. Would you say you did not?

A. I never did.

Q. I did not say anything about comparing prices?

A. Yes you did.

Q. I said prices were mentioned which is a different thing?

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A. You said that prices were mentioned, relative to the price at which I would install, or the Jones Underfeed Stoker Company would install it?

Q. Did Mr. Fraser tell you while these negotiations were going on that the Jones people would install those two stokers for a great deal less money?

A. No he did not.

Q. As a matter of fact did you not pay a man a commission in Prescott of $100 to get this sale?

A. No I do not.

Q. Did your company?

A. No, sir.

Q. Did the Jones people, to your knowledge.

A. No, sir, not to my knowledge.

Q. You are not aware of any man having been paid his commission?

A. No, sir.

Q. Were you in Prescott at all during the time these negotiations were going on about the stoker?

A. About the stoker?

Q. Yes, during that time the negotiations were going on?

A. I probably was, I was in Prescott a good deal, I have been there quite often.

Q. Do you remember meeting a representative of the Jones Underfeed Stoker Company there?

A. I never did, not in Prescott.

Q. At the time that Mr. Fraser spoke to you about supplying these underfeed stokers to the government did you own any of these stokers or did you buy them subsequently?

A. I bought them subsequently.

Q. Has the F. L. Brooks & Company a warehouse at all?

A. Oh, no.

Q. Do they carry any goods of any kind.

A. It is not necessary.

Q. Have they any office apart from the office you had?

A. They have an office there, the F. L. Brooks & Company have an office in the Sovereign Bank building.

Q. Is that the same office that you use?

A. No, my office is Lusignan Street, Montreal.

Q. Where is that?

A. Three blocks west of Bonaventure?

Q. Brooks and Company in their office in the Sovereign Bank building have one or two rooms?

A. Two.

Q. That is all the office and warehouse they have?

A. Yes.

Q. There is no dispute as to the nature of your business; you are commercial agents?

A. Commercial agents.

Q. Through the government you get orders for certain goods?

A. Through the government and other people.

Q. From the government you get orders for certain goods, and then you buy them and sell them to the government?

A. Yes, as best we can.

Q. Look at that item on page P—55 for an underwriter's pump. Is that the item in which the pump comes up, the Worthington pump?

A. The underwriters' pump.

By the Chairman:

Q. $1,550?
A. Yes.

By Mr. Northrup:

Q. Whose manufacture is that?
A. It is Worthington.
Q. Where is their office?
A. Their main office is in New York.
Q. Have they an agency in Montreal?
A. Yes.
Q. Who is their agent in Montreal?
A. I don't remember the name just now.
Q. Is it John McDougall?
A. Yes.
Q. The Caledonia Iron Works?
A. Yes, that is it.
Q. He is the regular agent for the Worthington pump?
A. Yes.
Q. Do you happen to know what Mr. McDougall sells these pumps for?
A. No.
Q. Do you know that he has sold them for $1,000?
A. I do not know what he is selling them for.
Q. Do you know as a matter of fact at that time he was selling them for $1,000?
A. No, I do not.
Q. Of you own knwledge, do you know that at the time that you sold this one to the government for $1,550, McDougall was selling this same pump for $1,000?
A. I do not know. I don't think he was.
Q. Do you know of you own knowledge that he was?
A. No.
Q. Do you know that he was selling them for about $1,000, perhaps $1,100.
A. No.
Q. You don't know that?
A. No.
Q. You are clear about that?
A. That was news to me if he was selling at that price then.

By Mr. Gervais:

Q. Did you buy from Mr. McDougall?
A. No, this was bought in New York.

By Mr. Northrup:

Q. Do you know anything about what McDougall did charge at that time?
A. No.
Q. You did not go to McDougall to see what you could get it for?
A. No, because I would have to pay duty and his profit too.
Q. You went to New York and bought straight from the head office?
A. Yes.

By the Chairman:

Q. Do you mean to say it was the same pump as McDougall sells?
A. Yes.

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By Mr. Northrup:

Q. Mr. McDougall has to pay duty on the pumps he brings in?
A. Yes.
Q. What is the duty?
A. I think it is about 30 per cent.
Q. And when you bring one for the government you do not have to pay duty?
A. No.
Q. And charge the government $1,550?
A. Yes, that is the best price I could make.
Q. And do you add the amount of the duty to the price?
A. No.
Q. You will refuse when I ask you what you paid for that pump—you refuse to answer?
A. Yes.
Q. Was it you that brought in the pump?
A. I brought it to Ogdensburg, and the government took delivery of it there and furnished the certificate themselves.
Q. Who was the individual that did that for the government?
A. Captain Allison.
Q. Is he the poor fellow who was blown up?
A. Yes.
Q. Is it the usual thing for the government of Canada to accept delivery of goods in the United States?
A. I do not know whether it is or not. That is the arrangement I made with them.
Q. You made that agreement, did you, that they should?
A. Yes, they said they would take it——
Q. In the United States?
A. Yes, bring it over on their own boats.
Q. I suppose there would not be any customs entry?
A. Oh, yes, there would be a customs entry.
Q. As to the value?
A. They could not get——
Q. It was brought in at Prescott?
A. Yes, brought there.

By Mr. Brodeur:

Q. Are these pumps manufactured in Canada?
A. No.

By Mr. Taylor:

Q. Yes, they are?
A. Not to my knowledge.
Q. It is made by the Canada Foundry Company, Toronto, practically the same thing, for $1,075 and they offered to install it at Gananoque?
A. I do not know anything about that.
Q. It is acceptable to the underwriters, it is practically the same pump?
A. The Marine Department insisted on having a Worthington Underwriters' pump.
Q. That one is accepted by the underwriters, and I could buy the Worthington at the same price. The prices are practically the same, duty paid and installed?
A. Well——
Q. I know what I am talking about?
A. So do I know what I am talking about?

Q. If you produce the invoice I think you will show you don't pay that much?

A. I will not produce the cost price for anybody.

Q. This was bought in the United States, and with your price and freight and duty, laid down for $1,075, and I can get it down at my factory with some margin?

A. You had better have it done then.

By Mr. Northrup:

Q. I see in that same item one Goldie and McCulloch return tubular boiler, 55 x 14, complete, $975?

A. Yes.

Q. How did you come to buy that, the same way as the other?

A. Yes.

Q. Were all these items given to you at the same time by Fraser?

A. No, I do not think they were all included in one order?

Q. So you saw him a good many times?

A. I got a good many orders from him.

Q. And saw him perhaps a good many times. Is this Goldie and McCulloch boiler made in Canada?

A. Yes.

Q. Was that purchased direct after you got the order?

A. Yes.

Q. From Goldie and McCulloch?

A. Yes, through their Montreal agents.

Q. You did not try to buy directly from them in Galt?

A. They would not sell to me direct.

Q. What is there about you that they would not sell to you?

A. They have an agent in Montreal.

Q. I have in my hands a tender from a gentleman who is not an agent?

A. They are permitted to sell outside of Montreal, I guess. I do not know whether they have an agent in Ottawa.

Q. This boiler was for use in Prescott?

A. Yes.

Q. Was there any particular reason why you in Montreal should be given the right to buy it?

A. I do not know any particular reason.

Q. You would not wish this committee to understand that Goldie and McCulloch would not have sold to an official of the government?

A. I do not know what Goldie and McCulloch will do.

Q. You would not pretend to say that they would not have sold that pump to an employee of the government?

A. I cannot tell you what they would do.

Q. Do you know what Goldie and McCulloch's price was at that time for these boilers?

A. Yes.

Q. Could you tell me what their price was?

A. No, I will not tell you what their price was to me.

Q. What?

A. I mean their price to me.

Q. Do you know the ordinary selling price?

A. No—to other people.

Q. Look at that item and see if it is not described as a new steel boiler, 55 x 14. That describes the boiler you sell, doesn't it?

A. Yes.

Q. I am asking you now if you will contradict me if I were to say that Goldie and McCulloch are offering to sell a duplicate of that boiler for $500?

A. I cannot contradict you.

Q. Would you contradict me if I said their selling price then and now was $500?

A. I cannot contradict you.

Q. If I said their ordinary selling price to anybody was $500 would you contradict me?

A. I do not know what price they might make to you or the government.

Q. Would you say that you paid more than $500?

A. I will not tell you what I paid for it.

Q. You dealt in this transaction as a commission agent for the government?

A. No, commission agent for ourselves.

Q. A commission agent who was buying to sell to the government?

A. Yes.

Q. Do you tell this committee that acting as an agent buying for yourself you did not find out the ordinary selling price of Goldie & McCulloch at that time?

A. Of course I got prices from them.

Q. The ordinary price?

A. Yes, I got their price. I do not know whether there is any difference between ordinary price and specific price. I asked them what they would furnish that boiler for and got their price. I do not know what price Goldie & McCulloch will make to you or anybody else.

Q. I am asking you another question. At the time you bought the boiler did you take any steps to find their ordinary selling price?

A. Certainly I did.

Q. What were the ordinary prices?

A. I cannot tell you, because that was the price they made me.

Q. I think I am asking a fair question. I asked if at the time you bought this boiler you got their ordinary selling price?

A. No.

Q. I asked you if you did not ascertain their ordinary selling price, of the boiler you bought?

A. The price they sold me the boiler for was their ordinary selling price.

By Mr. Barker :

Q. Did you ask their ordinary selling price ?

A. No, I asked them if they would furnish me a boiler. They referred me to their Montreal agent; he gave me the price and I bought the boiler.

By Mr. Northrup :

Q. Then you want the committee to understand you didn't take any steps to ascertain the ordinary price?

A. You have a different idea of what ordinary and specific means.

Q. Not at all.

A. When I got the order I wrote and asked what they would furnish this type of boiler for. They wrote back and referred me to their Montreal agent. I went to him and asked him and he told me the price. That is all I could get out of them. They said, 'We will furnish that boiler for that price.'

Q. I ask you did you inquire as to their ordinary selling price, and you told me you did.

A. That is the way I did.

Q. You did not inquire what their ordinary selling price to the world was, you inquired what you could get it for ?

A. What I could get it for.

Q. What is the price they offered to sell to anybody for, since you do not claim to have got any special advantage?

A. I do not know whether they made me a special price or not; I cannot tell you what I paid for it.

Q. Was $500 the amount?

A. I paid more than that.

Q. $550 perhaps ?

A. Well, if you want to guess at it, if you guess long enough you can get it.

By the Charman :

Q. I think it was a fair question to ask, what was the ordinary selling price at that time?

A. Mr. Chairman, Mr. Northrup has got the price of it.

By Mr. Northrup :

Q. I think I have; I want to get from you. Where is the invoice of that engine?

A. It is on file in the Brooks office.

Q. In Montreal?

A. Yes.

Q. Then, that should have been brought, because we asked for all the papers?

A. Yes, but that would be giving you my price. I am not supposed to give out the price that I buy goods for. I cannot do that.

Q. I think this stands on an entirely different footing. I think we are entitled to know how much this man is paying; I think we should know if this is the boiler that can be bought for $500 when he sells it to the country for $975.

Mr. BARKER.—I would ask the Chairman's ruling.

The CHAIRMAN.—I rule that it is quite open for any member of this committee to ask a witness to produce any invoice. If the witness refuses, I do not know what power I would have, or this committee would have, to compel him to do so. I am prepared to ask the witness whether he will produce the invoice. The Chairman can only act as Chairman. Outside of that he is only a member of the committee like every other member thereof.

A. No commission agent keeps a warehouse.

Q. I do not say that, I do not say that in this case there is any necessity for it?

By Mr. Fielding:

Q. It might be the case that they should have bought direct. If this price is excessive, you must show that it is, and I have no doubt that you will show it if you can do so from the letter in your hands?

The CHAIRMAN.—Every member of the committee seems to agree on the principal that this, or any witness should not be compelled to disclose his private business. And since every member of the committee has agreed upon that it could be only in a very extreme case that the principle could be departed from. I do not think Mr. Northrup has made out such a case here, on the contrary he has indicated to us that he has in his own hands the means of proving the facts sought to be established. Since Mr. Merwin, who has been asked the question, refuses to answer, I do not think under the circumstances that it would be proper for me to tell him he must answer the question.

By Mr. Northrup

Q. Are you willing to produce the invoice?

A. I have been thinking it over and I have been willing to produce the invoice if I have it, and I tell you why I put that in. When Brooks & Company were organized they had an office in the Temple building, but they moved from there last September, and when they moved there was a lot of their papers that were destroyed, old letters, invoices, and things of that kind.

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By Mr. Stockton:

Q. Then if you have not the invoice——

A. I havn't it with me, or in my possession now, but if it is going to bring up a discussion of this kind and keep me here, if I have to come over here again another day I will produce it if I have it.

By Mr. Northrup:

Q. Who was the agent in Montreal you saw about this?

A. Williams and Wilson.

Q. I see another item on that same page, page P—55 '29 lens, $4,750.50,' how were these orders given?

A. They were ordered from us by the department.

Q. Who ordered them?

A. I think it was Colonel Gourdeau who issued the order for these, we had been asked to quote prices on them.

Q. Was it a letter from Col. Gourdeau that asked you to quote on them?

A. I forget who it was from, it was someone in the department, some one of the officials, either Col. Gourdeau, Mr. Anderson or Mr. Fraser asked us to quote on these lens. These are light house lenses and we quoted on them and I do not know whether it was eight or nine different sizes they ordered, they only took two of each as samples to choose from.

Q. And eventually did they order them on the basis of the prices you had given, they accepted your price. With regard to these lenses was there any reason why the Brooks Company alone could supply them?

A. We are the agents of Canada for the French house that manufactures them.

Q. Then we find that Brooks and Company are the agents too for this house; how long have they been agents for this house?

A. For the last two years, almost ever since we have been in business.

Q. Are these the first lens of this kind you have sold to the government?

A. To the Canadian Government, yes.

Q. Are there any other lens in the market besides those manufactured by this house?

A. There are two other houses in England, Chance Bros., and one in Birmingham.

Q. They both sell similar lens do they?

A. Yes, I believe they do.

Q. I suppose you know the Department is well acquainted with Chance Bros.?

A. Yes.

Q. The department buys large amounts from them, do they not?

A. Yes.

Q. They knew all about that firm, but there was no tenders at all?

A. Well, I did not ask; they asked me what I would furnish them for, and I tendered.

Q. As far as you know it was just a letter to you asking your prices and they were eventually accepted?

A. Yes.

Q. Where were these lenses brought in, at the port of Montreal?

A. Yes.

Q. About what time in the year would that be?

A. Oh, it must be over a year ago. I guess it was a year last September.

Q. In September, 1904, you think?

A. Somewhere about that time, yes.

Q. Do you know what was done with them when they came in.

A. Some of them went to Prescott and some to Ottawa to the storehouse.

Q. Do I understand that they all came either to Prescott or to Ottawa?

A. Yes.

Q. Do you know if they were put in the lighthouses or if they were put in use?

A. I do not know, I understood from what Mr. Fraser told me that he had some of them installed, but that is a long time ago, I do not know.

Q. You do not know?

A. I think likely he installed pretty nearly all of them, because there were only two of any one size, he was getting samples, small lots, in that way so as to determine the size and kind that he would use.

Q. Do you happen to know by whom they were receipted for when you handed them over to Mr. Fraser at Prescott?

A. We do not take a receipt over that way, we hold the freight receipts, they are sufficient for us.

Q. You do not know who received them?

A. No.

Q. They went to Prescott and to Ottawa?

A. Yes, the freight receipts are sufficient for us.

Q. Do you know about how those 29 lens were divided?

A. The 29?

Q. Have you any idea how they were divided, how many went to Prescott and how many to Ottawa.

A. No, I could not tell you that.

Q. Have you any means of deciding how they were divided, have you anything to show how they were split?

A. No, if I can find these old freight receipts they would show. Well, I do not know, but if I look up and if we have the papers, the packing list—they came packed in cases—if we have copies of the packing lists left we can find out what cases they were in.

Q. Perhaps you will try to find those papers when you are looking for the other invoice?

A. Yes.

Q. Thank you. These were entered at the port of Montreal, I suppose, and no duty paid on them?

A. No.

Q. In that same item I see 'one Sturtevant engine, 7 x 7, vertical, with automatic cut off, $960. How did you come to sell that to the government, do you remember?

A. In the same way as the boiler and all the machinery. They were all got the same way.

Q. A letter came?

A. A letter came.

Q. Where did you buy that Sturtevant engine?

A. I believe I bought that, if I can recollect that aright, from Williams and Wilson.

Q. You think from Williams and Wilson, who are the Montreal agents, I understand, of Goldie and McCulloch.

A. They are the agents for about a hundred different people.

Q. So you went to another agent and bought them there. Do you happen to know what the ordinary selling price of those engines is?

A. No, sir, I do not.

Q. Do you happen to know that they are made by the Buffalo Forge Company, that particular engine?

A. The Buffalo Forge Company? I understand it is made by Sturtevant, I do not know whether it is just named that or not.

Q. As I understand it the 'Sturtevant' is the name of the engine, but it is made by the Buffalo Forge Company. Do you know anything about that?

A. No.

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Q. You do not know by whom it was made, you bought from the agent in Montreal. Have you any knowledge, of your own knowledge, the ordinary selling price on the market of this engine?

A. No, I have not.

Q. I suppose you would have an invoice as to that?

A. Yes, of course I had invoices for them all.

Q. Will you look up to see if you can find that too?

A. If I can find those invoices I will bring them over here, if they have not been destroyed with the rest of the papers.

Q. The price charged the government is $960. Would you deny that the ordinary selling price of that engine by the Buffalo Forge Company at that time, and to-day, is $600?

A. I do not know what they sell for.

Q. Would you be surprised to hear that they sold that engine in Canada, duty paid for $600?

A. Yes, I would be.

By Mr. Maclean (Lunenburg):

Q. Did you give specifications when you were asked to supply an engine or boiler?

A. Yes, they specify certain things that they want.

Q. That the riveting, &c., must be of a certain class, and so forth?

A. Yes, that is all exactly specified. I do not know what the specification was, when that price was made.

Q. It might be a different thing altogether to the engine that Mr. Northrup is alluding to.

A. Certainly.

By Mr. Brodeur:

Q. The contract should be produced so that we may see exactly what was specified.

By Mr. Northrup:

Q. Would you be surprised to learn that the Buffalo Forge Company is now offering to sell a similar Sturtevant engine for $600?

A. Yes, I would be.

Q. Would you be surprised to learn that at that very time they were selling at that price?

A. I do not believe they were, not the same engine.

Committee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
WEDNESDAY, May 16, 1906.

The Select Standing Committee on Public Accounts met here this day at 10.30 o'clock a.m., Mr. V. Geoffrion in the chair, and proceeded to the further consideration of the accounts of F. L. Brooks & Co., as set out at P—55 and 97, and the accounts of Geo. T. Merwin, as set forth at P—22, 32, 57, 98, 101, 105 and 140 of the Report of the Auditor General for the fiscal year ended June 30, 1905.

The examination of Mr. George T. Merwin was continued by Mr. Northrup.

Q. You are still under oath?
A. I understand that.
Q. At our last meeting you said you would look and see if you could find your invoices and receipts and other papers. Have you done so?
A. I cannot find any of them. The papers relative to all those accounts were all thrown away when we moved.
Q. When did you move?
A. Last September.
Q. And then all these papers were thrown away?
A. Thrown away.
Q. They were destroyed?
A. No, they were thrown away. When we moved they were left there in the old office, everything was. The janitor threw them out.
Q. Then if I cannot get the original invoices I will have to take your bills to the government as being supposed to represent the same articles.
A. Yes, sir.
Q. Take the accounts of F. L. Brooks & Co. At P—55 of the Auditor General's Report you will see an item, 'One Sturtevant automatic engine, $550'?
A. Yes.
Q. From whom was that purchased?
A. From Williams & Wilson. I purchased that from them.
Q. You purchased that through Williams & Wilson?
A. Yes.
Q. Who are they?
A. Of Montreal.
Q. Are they the manufacturers?
A. No, they do not manufacture any machines.
Q. What are they then, commission merchants?
A. They have the agency for that engine in Montreal.
Q. Where is that manufactured?
A. I could not tell you.
Q. Do you know by whom it is manufactured?
A. No.
Q. Will you tell me the price you paid for it?
A. I could not tell you that.
Q. You refuse to tell? Do I understand you cannot or you will not?
A. Well, I refuse to tell that.
Mr. Gervais reads the ruling of the Chairman at a previous meeting.

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The ruling of the Chairman again called for, and the Chairman rules as follows. I understand that there is already a ruling on that question. If I understand well what Mr. Gervais has just read, the ruling was on this very point, and I think the ruling still holds. Nevertheless, if the committee want a new ruling from the present Chairman, I am ready to say that I cannot see my way to depart from the ruling which has been adopted in this committee ever since I had any recollection, and in other committees also, that a man of business is not obliged to divulge his private business. As long as a different ruling has not been adopted I, speaking for myself in the particular position I occupy to-day, and not being the regular Chairman of this committee, cannot depart from the ruling, and I must say that if Mr. Merwin does not wish to answer he is not obliged to.

Mr. NORTHRUP.—In order to have these proceedings perfectly formal, I would ask the Chairman, despite his ruling, to which I bow at the present time, to direct the witness to answer the question.

The CHAIRMAN.—If the witness wishes to answer the question he may do so.

Mr. NORTHRUP.—What I am asking for is for the Chairman to direct the witness.

The CHAIRMAN.—It would not be according to my ruling if I say that the witness is not obliged to answer and then order him to do so.

Mr. NORTHRUP.—Then you decline to oblige him to answer?

The CHAIRMAN.—I decline to compel him.

Mr. NORTHRUP.—Then I appeal from the ruling of the Chairman.

The CHAIRMAN.—Shall the ruling of the Chair be sustained? I think the yeas have it.

Upon a division the ruling of the Chair was sustained by a vote of 22 yeas to 13 nays.

Mr. NORTHRUP.—Mr. Chairman, I beg to move that the evidence of the witness, his refusal to answer, the decision of the Chair, the appeal therefrom, and the vote thereon, be reported to the House.

The CHARMAN.—You have heard the motion, gentlemen, seconded by Mr. Foster. Shall it be adopted?

Motion declared carried.

By Mr. Northrup:

Q. The next item on the account I find, Mr. Merwin, is the payment to F. L. Brooks & Co., of $1,550 for 1,100 gallon Underwriters pump complete. That is also at page P—55?

A. Yes, sir.

Q. Will you kindly tell me from whom that was purchased?

A. That was purchased in New York from the Worthington people.

Q. And entered in the customs where?

A. It came across from Ogdensburg to Prescott.

Q. Entered by whom?

A. It was entered by the government. Capt. Allison, I think, made the entry.

Q. Is this price of $1,550 duty free or is the duty included?

A. It is duty free.

By Mr. Macdonald:

Q. Mr. Merwin, are you able to recall of your own knowledge without reference to documents, the price that you paid for these individual goods?

A. No, I could not.

Q. And does that apply to the purchase we were discussing a moment ago?

A. Yes.

By Mr. Northrup:

Q. The next item is '1 Beatty' hoisting engine, 3 drums, double cylinders complete, $1,100.'

A. Yes.

Q. From whom was that purchased?

A. Williams & Wilson.

Q. Of Montreal?

A. Yes.

Q. Where was that delivered?

A. It went to Prescott.

Q. Delivered by you at Prescott?

A. Yes.

Q. So this price of $1,100 would be as delivered by you at Prescott?

A. I would not be sure about that. On some of that material we paid the freight and on some the government paid the freight. I will not be positive about that.

Q. I do not want to waste time asking the same question every time as to how much you paid. I will put it in this way: You decline, as to all these items, to state the price you paid?

A. Yes.

Q. Then there are a number of lens, 29 lens, $4,750.50?

A. Yes, sir

Q. From whom were they purchased?

A. They were purchased from Barbier, Bennard & Turrenne, of Paris.

Q. Where were they delivered?

A. They were delivered at Prescott.

Q. By you?

A. Yes, sir

Q. Duty paid or duty free?

A. Duty free.

Q. The next item I take is: '1 pipe centre, 1 pr. lathe centres, Rivette—dock turning tool and 1 doz. cutters, &c., $1,250.' You see that list of artcles?

A. Yes, I understand.

Q. From whom were they purchased?

A. Through Williams & Wilson.

Q. Of Montreal?

A. Yes.

Q. And delivered where?

A. At Prescott.

Q. The next item is: 'Steel derrick, as per plan, with two blocks and 550 feet wire cable, $1,250'?

A. Yes.

Q. From whom was that purchased?

A. That was bought from the Dominion Bridge Company, of Montreal.

Q. And where delivered?

A. At Prescott. .....

Q. The next item is: '1 15-inch Henday pillar shaper with adjustable table and improvised vise, &c., and 2 sets shaper tools, $800.' Where were they purchased?

A. They were purchased through Williams & Wilson and delivered at Prescott.

Q. The next item is: 'Two Jones underfeed stokers complete with engine, fan and boiler fronts in position for service, $2,500.'?

A. Bought through Williams & Wilson and delivered at Prescott.

Q. Are Williams & Wilson the Ontario agents for the manufacturers?

A. Not the Ontario agents, I do not think.

Q. They are not the Ontario agents?

A. I do not think they are.

Q. Who are the manufacturers, do you know?

A. This Jones Underfeed Stoker Company manufactures them.

Q. Where is their factory?

A. I do not know where their factory is.

Q. The next item is 'I G and Mc return tabular boilers, 55 x 14 complete, $975 ?' Where was that purchased?

A. Purchased through Williams and Wilson.

Q. Of Montreal?

A. Yes, and delivered at Prescott.

By Mr. Cockshutt:

Q. Were those purchased from the agent that resides in Brantford?

A. No, they were not.

Q. The general agent for Canada and the United Sates resides in Brantford.

A. I do not know. I know they have an office in Montreal.

By Mr. Northrup:

Q. You spoke of purchasing through Williams and Wilson?

A. Yes.

Q. Do you mean purchased from them?

A. From them, yes, by me.

Q. The next item is: '19,200 feet of British Columbia fir, 10 x 10 x 12 at $42,50.' From whom was that purchased by you?

A. It was purchased from a firm out in British Columbia. I cannot recall the name now.

Q. How did you come to be the seller to the government of that amount of British Columbia pine?

A. They wanted it.

Q. What took place? Who came to you and how did the bargain begin?

A. Well, I cannot recall just exactly where I got the information that they wanted lumber, but I found it in some way. I do not know how it is now, I cannot recall it: But I opened the negotiations with these British Columbia people and got their prices.

Q. You have no recollection as to which official of the government you dealt with?

A. I was trying to think.

By Mr. Macdonald:

Q. Can you recall to what purpose it was used or intended to be used?

A. I think they were building some scows down there at Prescott.

By Mr. Northrup:

Q. It was rather an unusual order you know to get fir from British Columbia?

A. You have got to go there to get that fir.

Q. You do not often have to go to British Columbia to fill orders?

A. No.

Q. So you might remember from whom you received the information which caused you to go to British Columbia for that fir.

A. You know that I am under oath, and I am not going to say that some one official told me about this unless I am positive.

Q. Nobody wishes you to. Have you no recollection as to what official?

A. I cannot recall now, no.

Q. And you cannot recall where the conversation was?

A. No, I cannot.

Q. You are not even sure that it not by letter?

A. Oh, I got an official order for the lumber.

Q. Eventually?

A. Eventually, yes.

Q. Is that one of the destroyed papers, or have you that?

A. I guess that went with the rest of them, but you ought to have the papers in the department here.

Q. It should be in the department, we will try to find later. But in some way you received this order?

A. Yes.

Q. And you bought it in British Columbia and delivered it where?

A. At Prescott.

Q. You remember from whom you bought it?

A. I cannot recall the name, it is some lumber company out in British Columbia. There are several firms handling that stuff out there.

Q. Did you pay freight charges, or did they pay them?

A. They paid the freight.

Q. They paid the freight?

A. Yes.

Q. From British Columbia?

A. Yes.

Q. Do you remember how much the freight was?

A. I could not tell you that, I would not know.

Q. The next item is. '1 Sturtevant engine, 7 x 7 vertical, with automatic cut off, $960.' Who is that bought from?

A. Williams and Wilson.

Q. And delivered where?

A. Delivered at Prescott. All that machinery there was delivered at Prescott.

By Mr. Macdonald:

Q. For what purpose?

A. They were erecting a machine shop there.

Q. And have you been supplying some patented articles or anything of that kind in connection with these purchases?

A. Oh, yes; I have been furnishing the government with buoys and lanterns for the last three years.

Q. Special articles, are they?

A. Yes.

By Mr. Gervais :

Q. You have also been selling to the Mexican government?

A. Yes.

By Mr. Northrup :

Q. Was the freight on these paid by you?

A. On what?

Q. On these articles in general?

A. As I say, on some of that material, on some of that machinery, we paid freight and on some we did not. I cannot recall exactly what it was.

Q. You are speaking in general?

A. In general, yes. Some we paid freight on and some we did not.

Q. The next item is, 'Special high pressure mantels, 435 at $20 per 100'?

A. Yes.

Q. From whom were they purchase?

A. I purchased them from the International Gas Appliance Co. of Toronto.

Q. How did you come to be the person to buy this for the government?

A. Well, it was in connection with their lighthouse work, and they wanted some special mantels. They wanted to get a mantel that would stand high pressure acetylene.

Q. And somebody appealed to you?

A. Mr. Fraser asked me about it. I had been supplying lighthouse material, and I told them I would try and get the mantels for them.

Q. How was payment made by the government to you for these various articles supplied to them?

A. By cheque.

Q. After the articles had been supplied?

A. Always.

Q. Always after the articles had been supplied?

A. I never invoiced them for anything until after I shipped it to them.

Q. They never advanced anything to you on your account?

A. No, unless they were behind in their payments.

Q. That would hardly be an advance if they were behind in their payments.

A. It would be a credit. It appears in one of the attached accounts as though I had been paid in advance, but it is a credit.

Q. You say the government never paid you money unless the goods were actually delivered.

A. I did not say that.

Q. That is what I am asking you.

A. Well, they never paid me a cent for goods in advance until June 30, 1905. Since June 30 there has been a difference. Before that they never paid me five cents in advance for anything. I often had to wait six, eight and nine months for my money.

Q. Since that date they have changed and now they do?

A. Since that date there is a difference.

By Mr. Macdonald :

Q. What is the difference ?

A. They wanted the light on buoy lanterns made by a special buoy lantern, and my previous experience with them, especially in lighthouse work, had been that I was waiting nine and ten months for the money, and I would not take the trouble to build the lantern unless I got something on account.

By Mr. Northrup :

Q. Then, you yourself were going to build?

A. No, the company I represent. I will not say myself, but the company I represent.

Q. So a change was made?

A. That is the only time, and that I considered I was entitled to, and I believe there was an order in council passed on it too.

Q. I understand you to say the government had not made you any advance for goods delivered?

A. Yes.

Q. As a matter of fact, the government had assisted you in your banking? Has not the government assisted you in your banking?

A. Recently they did.

Q. That is to say——

A. They did not assist me at all. I do not call it assistance because I paid interest on the money.

Q. What did the government do when they assisted you?

A. I wrote to the department asking them if they would arrange to pay my accounts to the bank, and they said they would. In that way I was able to get money from the bank ?

Q. Then the department wrote to the bank?

A. I do not know whether they wrote to the bank or not.

Q. In some way the department saw the bank?

A. I do not know what they did. I wrote and asked them, and I took it up with the bank manager, and I think the bank manager wrote to them.

Q. What bank was that?

A. The Merchants Bank of Canada at Prescott. But this is since June 30. Before that they never did anything.

By Mr. Macdonald :

Q. Who did you write to?

A. The Minister of Marine and Fisheries.

Q. When did you write this letter.

A. Early in the winter.

Q. In December or January?

A. Somewhere around there, I am not positive now.

Q. In respect to money coming to you?

A. Money from goods that had been delivered, money that was due to me.

Q. And for which you had not received payment?

A. I had not received payment, neither could I get it.

By Mr. Brodeur:

Q. Was that in December, 1905?

A. Yes.

By Mr. Gervais:

Q. The money had not been voted?

A. The money had not been voted, and I being a representative of a foreign firm selling the goods, they wanted their money. And I am not a millionaire, nor am I supposed to carry the government on my shoulders.

By Mr. Northrup:

Q. Can you give us the exact date of that?

A. I could not from memory, no.

Q. Well, about the month?

A. I think it was—well no, I have not got all these things in my head.

Q. My question is as to the date?

A. I am trying to recollect it. I do not carry all these things in my head.

By Mr. Macdonald:

Q. In respect to what particular class of material?

A. Lighthouse material.

Q. You had supplied when?

A. Three or four months before.

Q. In 1905?

A. Yes, they had the material in 1905, the material was delivered to them.

Q. In the autumn of 1905?

A. Yes.

Q. And you had not received payment?

A. Had not received payment, no.

Q. And you applied to the Department of Marine and Fisheries to intimate to your bank that there was this amount of money coming to you, is that it?

A. That is it.

Q. Is there anything further as to what you wanted them to do?

A. In order to carry this out I had to write to the Department and ask them to pay all my accounts to that bank in that way. I gave the bank notes and they forwarded me the money, they gave me the money and I paid 6 per cent for it to the bank.

By Mr. Brodeur:

Q. So you transferred your claim to the bank?

A. I transferred my claim to the bank.

Q. And you notified the department of that?

A. I notified the department of that.

Q. To pay any money coming to you?

A. Any money due me to pay it.

By Mr. Macdonald:

Q. By what you mean when you said 'credit' or anything of that kind, you simply assigned your claim to the bank?

A. That is not the credit account.

Q. That refers to one particular item.

A. Yes.

Q. But in regard to these lighthouse supplies for which you had not been paid, you assigned your claim to the Merchants Bank of Canada and they made you an advance?

A. They made an advance.

By Mr. Northrup:

Q. You wanted advances from the bank in Prescott and you wrote the Minister of Marine?

A. Yes.

Q. And he did something whereby the bank made you advances?

A. Yes.

Q. Let me know as nearly as you can the date of this? Parliament met on March 8, and was it before parliament met?

A. I think it was to the best of my recollection——

Q. Long before parliament met? I do not care for a few days, you know?

A. I think it was during the month of January to the best of my recollection.

Q. And what amount did the government secure to have advanced to you by that means?

A. Well, now, hold on——

Question objected to.

The WITNESS.—The dates are all on record here. I guess they are all over in the department.

Mr. BRODEUR.—This is the first time I have heard of that.

By Mr. Northrup:

Q. You told us the other day about some spar gas buoys, I think about 50, which were purchased by the government. Was that purchased from the Brooks Company or from you?

A. From the Safety Car Lighting and Heating Company to myself as their agent.

Q. I am merely distinguishing between what you sold, and what the Brooks Company sold. These spar buoys cost, I think, $1,600.

A. $1,600.

Q. Did they contain a lantern?

A. Yes.

Q. Is the lantern included in the $1,600?

A. Yes.

Q. So that we have $1,600 for those buoys and there will be nothing more for the lantern?,

A. No.

By Mr. Macdonald:

Q. Are these specially constructed buoys, are they patented?

A. The body of the buoy is not, but the lantern is. The buoy body is not patented, but it might just as well be, because no one else makes them, no one else has a plant, I think.

Q. But the particular firm you represent make these goods?

A. Yes.

Q. You sell them to all the various maritime countries?

A. The company I represent sells them to Mexico as well as to the United States and Canada.

Q. What is the length of them?

A. They must be 65 or 70 feet in height.

Q. How many plants make these buoys?

A. The Continental Iron Works of New York have tried to make some, they have made a few for us, but they are very high priced there.

Q. Are there not some made in Canada now?

A. Not that type of goods.

Q. What is the difference between these spar buoys and the buoys which are made in Canada?

A. Well, they make some of these now, riveted conical buoys, these small ones for daylight service, and then these low pressure automatic buoys made here are an entirely different thing altogether. These are much larger and built on entirely different lines.

Q. Is there any difference in the price which your firm has charged for these buoys to the Canadian government from the price charged to other governments?

A. Well, sir, the accounts of the United States government shows a good deal more money because the United States government always pays duty.

By Mr. Northrup:

Q. I think the last question I asked was about these lantern buoys, and I want to be clear that the lanterns are apart from the buoys altogether.

A. Yes.

Q. On page P—57 there are a number of spar gas buoys, and then there are Pintsch gas buoy lanterns. What are these Pintsch gas lanterns for?

A. At $300 each, yes.

Q. What are these for?

A. That is the same kind of lantern, these are extra lanterns they require.

A. These are extra lanterns?

A. Yes.

Q. Each of your spar gas buoys had a similar lantern?

A. Each buoy has a lantern with it—it goes with the buoy.

Q. It is included in the $1,600?

A. Yes.

Q. And the department laid in ten spare ones?

A. Yes.

Q. Then on page P—98, if you will look at the Auditor General's Report, there are 25 acetylene lanterns, what are these?

A. Yes, 25 acetylene lanterns, at $295.

Q. What are these?

APPENDIX No. 3

A. These are buoy lanterns, and I understand they wanted them, as I understood, to use for small lighthouses, and we made them up with an iron base and nickel inside the same as the acetylene lantern is made. It is a buoy lantern, a regular type of buoy lantern, only the entire inside of it is nickel, instead of being enamelled, and the regulating device is a different pressure. The occulting box is differently constructed in order that they will withstand the fumes of the acetylene gas.

Q. What is the particular difference between the two, is the one better than the other?

A. The one of which?

Q. Is the one of this kind, the acetylene lantern, or the Pintsch gas lantern, which is the better?

A. Well, of the two lanterns—you mean which is the better gas?

Q. I am talking about the lantern?

A. Well, the acetylene lantern costs more money, because there is more work put on it, nickel inside and furnishing different regulating device, and also making the change in the occulting box and ventilating apparatus; as I said before, they wanted these, as I understood it, to use for lighthouses.

Q. The point is, they are a better lantern with better devices, and they are cheaper?

A. You do not let me get far enough——

Q. That is what you said?

A. But you did not let me get far enough to explain——

Q. I thought you had gone far enough?

A. These lanterns for lighthouse work were made with this change in the occulting box and the ventilating apparatus, and they were put on an iron base instead of a brass base, that brought the price down to where it is, $295. You will see as you go further there is another lantern at a different price.

Q. There are so many different kinds of lanterns it would take a Philadelphia lawyer to keep track of them.

A. It is all very simple.

Q. Where do you get this Pintsch gas buoy lantern?

A. We have them manufactured in Berlin, Germany, by Julius Pintsch.

Q. You bought them yourself?

A. The company I represent bought them, the Safety Car Heating and Lighting Company.

Q. And this acetylene lantern?

A. From the same place.

Q. Were they all delivered in Montreal?

A. All delivered in Prescott.

Q. And all duty free?

A. All duty free.

Q. They would be entered by you?

A. They were all entered in the customs, every one of them.

Q. Were there any of them on which duty was paid?

A. They all came in duty free.

Q. Everything you sold to the government?

A. Everything I sold to the government.

Q. On page 101—P I see an item for a number of submarine signal shore stations, complete, have you any special knowledge as to whether or not these signal stations were really installed or established, can you tell us about that?

A. The material for them was shipped to Halifax and received by their agent there, further than that I do not know.

Q. We cannot get anything about them from you?

A. No, I know nothing about them. It is enumerated what stations these were intended for.

Q. I want to know whether you can give us any information about them personally?

A. I cannot tell you whether they were installed.

By Mr. Foster:

Q. Were these articles entered duty free?

A. Yes.

Q. For the use of the government?

A. Yes.

Q. You paid no duty on them?

A. No.

By Mr. Northrup:

Q. On page 158 there is an item Standard Construction Company, Montreal, is that one of your companies?

A. No.

Q. On page 98 there is some light ships on Lake St. Louis 'installing tanks and pipes, Lake St. Louis three at $210.' Do you see that?

A. Yes.

Q. Did you personally see to the installing?

A. I supervised the installing of that—that is I sent men there and had a foreman with them.

Q. You sent the men there to install the work on those ships?

A. Yes.

Q. Were you there yourself to see that it really was done?

A. That was done at the lightships, I was there several times while they were doing it, and was there to inspect it after it was finished, I know it was done.

Q. Who paid the men for installing them?

A. I paid them and billed the government.

Q. It was charged to the government?

A. Yes.

Q. Do you know where that bill comes in, I do not see it there?

A. Is it not there? Three at $210 equals $630.

Q. When you speak of that $210, that was the charge for actually installing?

A. Yes, for installing the tanks and pipe.

Q. The price was charged for the articles, themselves, is that correct? Lead washers, for example?

A. No, these were all shipped to Prescott, we would not use that many on that work.

Q. You understand about this marine business, we do not. The only item that touches this entry is the charge for installing?

A. The charge for installing.

Q. And the rest of the item, the lead washers, spar buoys, &c., went to Prescott?

A. Those spar buoys were delivered to Montreal, on the dock.

Q. The other articles went to Prescott?

A. These store holders were also delivered on the dock at Montreal.

Q. Now I see there you have four more standard buoy lanterns, what became of them as far as you were concerned?

A. I delivered them to the government.

Q. Where?

A. At Prescott.

Q. Do you know what they were for, were they reserves too?

A. They must have been reserve lanterns.

Q. That is 14 reserve lanterns altogether. What are the store holders I see charged there?

APPENDIX No. 3

A. They are large steel store holders all made in one piece for the storage of compressed gas.

Q. Where would they be delivered? Prescott?

A. All delivered on the dock at Montreal.

Q. Where were they sent, do you know?

A. The government boats took them, some of them, to Prescott, and distributed them along the river. I do not know where, the government boats took them away from the docks.

Q. Where were these articles on page 98 purchased?

A. These were purchased from my people in New York, that is the Safety Car Heating and Lighting Company, they are all manufactured by this German concern?

Q. These were all manufactured in Germany?

A. Yes, they were shipped direct from Germany here.

Q. So that they too were entered in the port of Montreal?

A. Yes.

Q. Then there are 12 spar buoys at $1,600 purchased from Geo. T. Merwin?

A. That is the same thing.

Q. These were bought in Germany?

A. Made in Germany and delivered here.

Q. There are ten Pintsch gas buoys lanterns, I think you have spoken of them. Then on February 27 there were 50 special valves, $16.50 each, $825? Have you the order?

A. Yes.

Q. Where did they come from?

A. They were manufactured in New York. I made them myself there, special valves made up for the acetylene equipment.

Q. Made by whom in New York?

A. By our company.

Q. 'Gas buoy with bell ringing apparatus, and with standard turret large buoy lantern with 300 'MM' lens flashing apparatus for $2,700. Where was that manufactured?

A. That came from Germany.

Q. From the same people

A. Yes.

Q. To save time, I will ask you were all these articles that you bought in Germany bought from the same firm?

A. Yes, everything I bought in Germany.

Q. Everything you bought in Germany was purchased from the same firm? And this gas buoy was bought by you from the people in Germany and delivered——

A. In Montreal.

Q. Where was it located by the government?

A. To the best of my recollection they bought three of them, and two of them are in the river down below Queebc, and the other one is at Parry Sound in the Georgian Bay there. I know there is one in the Georgian Bay, and I believe the other two are down below Quebec.

Q. These 11 store holders at $875 each, $9,625, where were they bought?

A. They came from Germany.

Q. Delivered in Montreal?

A. Yes.

Q. And the 12 acetylene lanterns at $295 each, $3,540, were they purchased in Germany and delivered in Montreal too?

A. Yes.

Q. And the two store holders at $875 each, $1,750 were also bought in Germany?

A. From the same firm.

Q. Then there is in February 60 gas receivers, $5,700; 60 holder valves, $237; 60 flanges at 40 cents; 180 screws at $3.96; totalling $5,988.96?

A. Some of these small fittings came from Germany and some from New York.

Q. Whereever they came from were these delivered at Montreal too?

A. No, some of these small items were delivered to Prescott, but were delivered to Montreal, and the prices for these goods were f.o.b., Montreal in bond; that is the way all these goods were sold.

Q. There are 60 gas receivers, where were those manufactured?

A. In Germany.

Q. And delivered in Montreal?

A. Yes.

Q. Was the department careful, so far as your experience went, in seeing to it that your accounts were not paid twice?

A. I remember one account that they paid twice, and I noticed it immediately and refunded it; in fact, I think I refunded it as soon as I got the cheque. It was only a cheque for some one hundred odd dollars.

Q. In going through the accounts I noticed one case of a refund?

A. Yes.

Mr. MACLEAN (Lunenburg).—What was the amount of that?

Mr. NORTHRUP. $194.

WITNESS. $194, yes.

By Mr. Maclean (Lunenburg) :

Q. That is on page 99. You rendered the account twice?

A. I do not know whether I did or not. I do not think I did.

Q. The account is charged in duplicate. They might have charged it in duplicate. I do not think I rendered a duplicate account.

By Mr. Northrup :

Q. Your account is here. Do I understand that you noticed the over-payment?

A. Yes. When I got the cheque I noticed the over-payment, and I looked it up.

Q. And then it was refunded.

A. I refunded.

Q. $189.20?

A. Yes—$194.

Q. There are two accounts. I do not know what was refunded. The one account is for $194.20 and the other $189.20. The accounts are identical, but it was taxed off five dollars?

A. I do not remember two. I remember one. I think it was the $194.20.

Q. It is the same account. At all events, you say you yourself discovered that and paid it back.

A. When I got the cheque I found it had been duplicated in some way.

Q. You at once communicated with the department and paid it back?

A. Yes. If I remember rightly, I took the cheque they sent me and deposited it and issued a cheque for the difference.

Q. The next item is 60 gas receivers. Where were they purchased?

A. Germany.

Q. Twelve spar buoys, $19,200—were they purchased there too ?

A. Yes, the same as the others.

Q. The spar buoys the same as the others?

A. Yes.

Q. Four standard buoy lanterns, $1,200?

A. Yes.

Q. Purchased from Germany too ?

A. Yes, they came from Germany.

APPENDIX No. 3

Q. And two steel store holders?
A. Germany, too.
Q. Special regulators, $1,748?
A. That is all German material with the exception of the diaphgrams. They come from New York.
Q. Purchased from the same firm in Germany?
A. Yes.
Q. Are the buoys that you are using now similar to the buoys that were used before your system of lighting was introduced?
A. Similar?
Q. Yes?
A. Oh my, no.
Q. Before you introduced your system there was a system of buoys?
A. It was the same system, it was gas lighting.
Q. A different system from that you have to-day? You are using the acetylene to-day?
A. We furnish the material.
Q. You are lighting the waters now by a certain gas, acetylene gas?
A. I am not doing it.
Q. The government is?
A. Yes.
Q. The government is lighting the waters now by a certain gas?
A. Yes.
Q. A few years ago they used a different gas?
A. They used compressed oil gas, yes.
Q. When you came on the scene you found certain buoys there?
A. Yes.
Q. How did those buoys compare with those you are putting in as to capacity?
A. They are smaller capacity, smaller all around.
Q. How many chambers?
A. Only one.
Q. How many in yours.
A. Only one.
Q. One chamber in a buoy?
A. Yes.
Q. Both of iron?
A. Both of steel.
Q. What is the difference in the capacity?
A. Well, they had some buoys of one hundred and thirty-six cubic feet capacity, taking it by the atmosphere, measured by atmospheric pressure, they had some at one hundred and thirty-six and some one hundred and twenty-six. Those we furnished them run from one hundred and thirty-six to one hundred and seventy-six, and they had bell buoys, I think almost to two hundred.
Q. These figures will represent the different sizes?
A. The different sizes, the capacity of these sizes.
Q. Could the old buoys be used with your new light or new gas?
A. We have no new gas.
Q. You have a different gas from that used before?
A. We do not furnish acetylene gas. You are trying to saddle on to me the furnishing of this particular gas, Mr. Northrup. I do not furnish gas at all.
Q. Would the buoys that were in use under the old system do for the present gas?
A. Yes.
Q. So that, would it be necessary to buy any new buoys?
A. Those they bought from me, they wanted more of them. They only had a few and they wanted more.

Q. The only reason for buying new buoys was the necessity for more?

A. Extending the service, yes, improving the service.

Q. And I think you said that all these buoys that you had sold the government were bought in Germany?

A. Yes.

Q. By your firm?

A. By our firm.

Q. Were they used at all between the time they were bought in Germany and the time they came to Canada?

A. No, they all came here new.

Q. If anybody should say that a number were used in American waters, they would be mistaken, would they?

A. Yes, sir.

By Mr. Gervais:

Q. Mr. Merwin, you have had some other customers outside the government of Canada?

A. Oh, yes, that is, our company have.

Q. Who are they?

A. The United States government and the Mexican government, and every railway company in the United States, and the three principal railways in Canada.

Q. Would you name them?

A. The railways in Canada?

Q. Yes.

A. The Canadian Pacific, the Grand Trunk, the Intercolonial and the Canadian Northern, and the other railways organized in the United States and running into Canada, such as the Rutland, the B. & H., and so on.

Q. Are the prices charged to the different governments and these railways the same as you have been charging to this government?

A. I would have to classify them. The material supplied to the railways is different from that used by the government, but the tanks they use are made on the same principle and of the same stuff for both.

Q. Generally speaking, the same prices are charged whether you sell to a foreign government or to the government of Canada?

A. When we sell to the United States we have to add the duty to the price, because you have to pay duty on all goods going to the United States, whether they are for the government or not, so that increases the price. The average price is about the same. The Mexican government admits goods free of duty when they are for themselves.

Q. Duty free?

A. I understand they do.

Q. Then you are ready to swear, and you do swear that the prices that have been charged the government of Canada are the average prices charged other customers?

A. Yes, that is right.

Q. Now, would you say to the committee in what year there was mentioned in the Auditor General's Report the first purchase of Pintsch gas lanterns? We find mention in the Auditor General's report of the purchase of Pintsch gas lanterns—is it in 1887?

A. Is that the first?

Q. Yes?

A. Now, I am not prepared to say under oath it was as early as that that they bought the first Pintsch gas lanterns. It was before I came.

Q. As a matter of fact is it not true that in 1887 the government of Canada paid $608.34 for these same goods they are now buying for $300?

A. Yes, that is right. They bought these lanterns in 1887 or 1897 and they paid six hundred dollars odd.

By Mr. Brodeur:

Q. The same lanterns?
A. The same lanterns.

By Mr. Gervais:

Q. That is, for the same article which through your instrumentality the government of Canada is buying now for only $300?
A. That is right.
Q. Now, Mr. Merwin, I put you this same question the other day: during all your dealings, throughout your dealings with this government, or with the Minister and officers of the Marine Department, did you ever pay, either directly or indirectly, one cent, or did you ever promise to pay one single cent to anybody having anything to do with the Marine Department?
A. No, sir, I never did, never paid a cent.
Q. To anybody?
A. No.
Q. There was no rake-off?
A. No rake-off.
Q. For anybody in the land?
A. For anybody in the land.

By Mr. Northrup:

Q. You told my hon. friend that the prirces you charged the government were the same as the company charged the other people?
A. Yes, the prices charged the government for these buoys were the same as we charged other governments?
Q. Just the customers for the buoys?
A. Buoys and lighthouse material, buoy material and all these fittings, lamps, buoy lanterns, regulators and everything like that.
Q. The same as charged the Mexican government?
A. The Mexican and the United States governments, only we have to charge the United States government more, as we have to charge the duty, as they will not permit anything to go in free. In buoys, buoy lanterns, we charge the same price plus the duty.
Q. At the same time your account shows that you sold the government a great many goods not sold by this company?
A. Yes.
Q. Not referring to these goods?
A. No.

By Mr. Gervais:

Q. Did you not sell the Marine department some ordinary goods at a very low price, patented goods?
A. Yes.
Q. That was the consideration, that was why you insisted upon selling them other goods?
A. Yes, for some of these goods there that we did sell them we could have demanded and got a good deal more money.
Q. That is to say that goods which the government could not have bought from any other person you could have sold to them at another price?
A. Yes.

Q. And from that very fact, having supplied them with these goods at those prices you insisted upon selling them some other articles and in that way you were recouped?

A. That is right.

Q. Is not that the case with regard to your dealings with this department?

A. Yes.

By Mr. Barker:

Q. Are you interested either as a partner, or as a part owner in this Toronto company from whom you bought the goods?

A. No, only that in the International Gas Appliance Company that I bought the mantels from, I owned some of their stock.

Q. That is the extent of your interest?

A. That is all.

Q. In the sale to the government, did the International Gas Appliance Company get its profit, and did you make an additional profit?

A. I sold them at the same price that I got them from the International Gas Appliance Company.

Q. You made no profit?

A. I made no profit on that.

By Mr. Stockton:

Q. I understood you to say to Mr. MacDonald that you did not remember, outside of your invoices, the price of any article you sold to the government—do you say that now?

A. I beg pardon.

Q. You stated to Mr. Macdonald (Pictou) that you did not remember the price of any article you sold to the government without reference to your invoice?

A. The cost price, is it?

Q. Yes?

A. That was on that machinery.

Q. I am asking you now did you say that?

A. I do not recollect whether I said that or not.

Q. I want to know whether you did or did not. I understood you to say to Mr. Macdonald that you did not remember the price of any article that was sold to the government without reference to your invoices. Did I understand accurately?

A. You must have misunderstood me.

Q. Well, I want to know is that correct or not?

A. Oh, no, I can remember lots of these prices, because I have had the handling of the goods.

Q. You can remember the price of the boilers and engines?

A. No, I do not remember the cost price of those articles, I cannot recollect them now.

Q. How do you wish to put that then?

A. I say I remember the prices of the goods I sold to the government——

Q. I am speaking about the answer you gave to Mr. Macdonald, do you stick to that or do you change it?

A. What was the question?

Q. The question was that Mr. Macdonald, as I understood it, if I am correct, asked you if you remembered the price of any article that you had sold to the government without referring to the invoice, and you said you did not. That is what I understood.

By Mr. Macdonald:

Q. I think there will be no misunderstanding about it. There was a certain particular item about which Mr. Northrup was speaking, and I asked this witness if he could tell us what the cost price of that article was, and he said he could not without

referring to his invoice. I said does that same statement apply to the other articles about which we had just been speaking, and he said yes?

A. At the time we were discussing machinery which I sold to the government.

By Mr. Stockton :

Q. Then I understand you to say that that answer applies to all articles you sold to the government?

A. No, I will not say that.

By Mr. Macdonald :

Q. But it did apply to articles about which a motion had been made, in respect to a particular question that had been put by Mr. Northrup, who was speaking on particular invoices, and it was to that I refer?

By Mr. Gervais :

Q. Do you know J. B. Reilly & Sons, of Montreal ?

A. Yes.

Q. Who are they?

A. It is Reilly & Company now; it used to be James J. Reilly & Sons.

Q. They have been selling goods to this government, have they not?

A. They were agents for the English company before I was.

By Mr. Brodeur :

Q. Which English company?

A. The Pintsch Patent Lighting Company of London, England, which formerly had the Canadian territory until our people took it over.

Q. Your people, in New York or in Germany?

A. Our people in New York. At the time we took it over James J. Reilly & Sons were the agents for the English company.

By Mr. Gervais :

Q. Were they manufacturers of the goods they were selling to the government?

A. No, they were marine insurance agents.

Q. And they had been selling to this government of Canada, for a number of years, the patent goods of the Pintsch Gas Light Company of London, England?

A. That is right.

Q. Do you mean to say that James J. Reilly & Sons were the go-between between the government and this English company—the middlemen?

A. Yes, if you choose to term it that.

Q. They were the go-between between the old government and the company in London, England?

A. Yes.

Q. And they are the people who sold lanterns for buoys to the government at the price of $608

A. Yes.

Q. That you are now selling them, a better article at a cheaper price, $300?

A. The article that we are furnishing the government is a better article, it has been improved.

Q. It has been improved?

A. Yes.

Q. And you are now supplying this government with a better article?

A. Yes, and for less money than they paid before.

Q. You are supplying it for a less price than the old government paid to James J. Reilly & Sons of Montreal?

A. Yes.

By Mr. Stockton :

Q. So that there will be no mistake, take the return tubular boiler which you bought from Goldie & McCulloch for which you charge here $975, do you remember what you gave for that?

A. No, I do not.

Q. Do you remember within $25 or $50?

A. I cannot recollect.

Q. Do you recollect within $100?

A. No, I cannot.

Q. Do you recollect within $150 ?

A. I cannot recollect that at all; I have not gone over that.

Q. Then I understand your memory is a blank as to that?

A. Yes.

Q. Then, take the Underwriters pump, complete, $1,550—do you remember what you paid for that?

A. I have gone over all that account, and I cannot find anything about it.

Q. I am not asking you that, I am asking you do you remember?

A. No.

Q. Can you remember within $50?

A. No, I cannot.

Q. Can you remember within $100?

A. No, not within $100 or $1,000.

Q. You cannot tell within $1,000 as to the amount you paid for an Underwriters pump complete for which you charged $1,550?

A. No, I could not.

Q. Do you pledge your oath to that?

A. Yes, I do.

By Mr. Foster :

Q. Who were the agents for the Chance people; were the Reillys?

A. No, they were not.

Q. The Reillys you were talking about were agents for whom?

A. For the Pintsch Patent Light Company of London, England.

Q. They had no other agent here?

A. No, they had not.

Q. These men were the agents representing them in this country?

A. Yes.

Q. And from them the old government bought?

A. Yes, the Pintsch Patent Light Company operated in Great Britain and they had Canada. For some reason or other, I do not know why, it was changed and our people, the New York Company, took the Canadian territory.

Q. I understand it now

A. Then under that arrangement they got the agency for Canada and I was sent here to represent the company.

By Mr. Brodeur:

Q. I see in the Report of the Auditor General several instances where 'spar buoys' are mentioned?

A. Yes.

Q. Is that only spar buoys or are they spar gas buoys?

A. It is the spar gas buoys, that is the term. We got them a buoy up, designed it especially for the swift current which there is in the St. Lawrence; it is built with a sort of topshaped body to the buoy, and then there is a long neck runs up, so that the body of the buoy is all submerged and there is just this neck standing up, so that it

offers very little resistance to the water with swell enough on the neck to hold that light, and at a distance you would think that it was only an ordinary spar, only it stands up straight. We call it a spar buoy just because you could not see any part of the body of the buoy above the water.

Q. Will you please state to the committee how many firms in the world there are making these gas buoys now?

A. There are two.

Q. Will you give the names of those firms?

A. Julius Pintsch, of Berlin, Germany, and the Continental Iron Works of Brooklyn. Julius Pintsch, of Berlin, Germany, manufactures the buoys and the Continental Iron Works Company of Brooklyn, New York, are manufacturing for use in the United States. The United States government had raised the point that they thought these goods ought to be manufactured in the United States. We said we were willing to make them there if they would pay the advance price. I had the Continental Iron Works Company make a start in the manufacture of them, but it cost, I think, 23 per cent more to make them in the United States than in Germany.

Q. Are you simply making these spar buoys, and your company in Germany, are they making some other gas buoys?

A. Yes, for Great Britain.

Q. I mean with regard to spar buoys?

A. We make all types of buoys; a buoy has to be fitted to the service to be performed; as I say that that buoy was designed especially for the swift current in the St. Lawrence river.

Q. Are your buoys for compressed gas?

A. For using compressed gas.

Q. Acetylene or oil?

A. Acetylene or oil gas or any kind of gas you choose to put in them.

Q. Can you use acetylene gas as well as oil gas?

A. The same body, you are doing it now.

Q. You do not make any low pressure gas buoys at all?

A. Oh, no, we do not make any low pressure gas buoys.

Q. There are some buoys called the scow type buoy in use, do you know where they come from?

A. I do not know what that is. Do you know what the shape of it is; if you tell me the shape of it, perhaps I can tell you.

Q. Are these gas buoys protected by some patent, or is there a patent in connection with the burner?

A. The construction of the buoy is not protected by a patent at all, that is the buoy body, any one can make them. But you have to have a plant to make them; they appear to be just one solid piece—you would think it is a casting?

Q. So that they might be made in Canada now?

A. You can make them here now. Any man who wants to start making them can put up a plant to build them.

Q. There are not enough used here now to make it worth while?

A. Not of high pressure buoys.

Q. But low pressure buoys are made?

A. They are making low pressure buoys here.

By Mr. Gervais:

Q. Have you any knowledge of some one trying to make these high pressure buoys in Canada and how much did it cost them?

A. I have knowledge that one man in Ottawa was asked to make one of the buoys and he said he could not. There was one man here who did attempt to make a lantern.

Q. What was the result of his effort?

A. Well, he made it.

Q. And it cost him how much?

A. Without the lens; he couldn't furnish the lens, and he had not any occulting box, and it cost him $500 odd to make it.

Q. Without including the cost of the lens?

A. Yes.

Q. And you are selling the same article to-day for $300?

A. Yes.

By Mr. Foster:

Q. I suppose this man had not the plant to make them?

A. That is it, and if you are wanting to build a plant here where would you get business enough to keep them going? Here is one plant in Germany making them for the whole world.

By Mr. Brodeur:

Q. And the capital invested in Germany, for example is—approximately?

A. About three-quarters of a million; just about that at a rough guess, there is $750,000 invested in the manufacture in Germany.

Q. Are your people also controlling the establishment in the United States?

A. The company in New York is a separate company, and that company is capitalized for $500,000.

Q. But is it controlled by the same people?

A. Oh, no, it is not controlled by the same people, but they work in conjunction with one another.

Q. So that to-day there are only two companies in the world making these spar gas buoys?

A. There are only two companies to the best of my knowledge. I do not know whether any one has started it lately or not.

By Mr. Taylor:

Q. I understood at the last meeting that these accounts for which the invoices appear here as of F. L. Brooks & Company for a large sum, I forget now the amount, that these are exclusively the accounts of Mr. Brooks, of New York, and that you are not a partner with Mr. Brooks?

A. I am a partner.

Q. You are a partner?

A. Yes.

Q. Well, I wanted to get it right. I understood that the accounts of Brooks & Company and of Merwin are different, that Mr. Brooks' accounts were for Mr. Brooks, and that in the Merwin accounts you and Brooks are partners?

A. No, you have it the other way. In the F. L. Brooks Company account I am a partner of F. L. Brooks, but Mr. Brooks has nothing at all to do with the Merwin account; nothing at all. I am the agent for these two companies, and where my name appears there as G. T. Merwin for the buoy business, and the buoy supplies, I am the agent of the Safety Car Heating and Lighting Company. Where it is the Safety Submarine Signalling Company goods I am the agent for them, Mr. Brooks has nothing to do with that.

Q. Are you registered partner of the company formed in Toronto for selling supplies?

A. I am registered in Toronto—I am a stockholder.

Q. Are you or are you not a registered partner taking out the Act of Incorporation?

A. Yes, it is an incorporated company, I am a shareholder.

APPENDIX No. 3

Q. One of the members of the incorporation getting out the charter?
A. Yes.

By Mr. Brodeur:

Q. I suppose twenty years ago was the time at which these gas buoys were first put on the market?
A. I think gas buoys were out on the market long before that.
Q. When were they first, have you any idea?
A. I think the compressed oil gas buoy was on the market about thirty years ago, and I believe they were used in Germany first.
Q. And manufactured then by your company?
A. By the Julius Pintsch Company.
Q. Have you any idea when they began to be installed in this country?
A. No, but I think it was in 1887 or 1886—somewhere along there. It was long before I came here.
Q. And the first ones were all high pressure gas buoys?
A. Yes.
Q. Low pressure had been used only for a short period of time?
A. Yes. I never furnished any low pressure gas buoys.
Q. No. They were governed by patent?
A. Yes, it is patented apparatus.
Q. You have nothing to do with the low pressure gas buoys?
A. No.
Q. What is the price which was paid then, about twenty years ago, for the high pressure gas buoys in comparison with the price that is paid to-day, was it lower or higher?
A. The price then might have been a little lower, because they were much smaller.
Q. I mean for the same size?
A. We would make the same size buoy to-day for less money.
Q. Less money?
A. Yes, we would make it for less money and furnish it for less money.
Q. Through whom did your company sell to the Canadian government?
A. It was through Mr. Reilly, or the agent—I cannot say.
Q. Reilly was the agent?
A. Yes.
Q. He was agent until what time?
A. He was agent until, I think 1901 or 1902—1901 I believe.
Q. And your company during that time did business with the Canadian government?
A. After that.
Q. From about twenty years ago?
A. Yes.
Q. Then after 1901 who became agent for the company?
A. I did. That was when our company began.
Q. Your company began doing business with the government?
A. Yes.
Q. You sell your goods to this government at the same price as to other countries?
A. Yes.
Q. Which other countries use high pressure gas buoys?
A. All of them—the United States, Mexico, Germany and the English and Italian governments. Wherever they want buoys they go to the Pintsch Company, that is for high pressure gas buoys.

Q. Did I understand from you that the agent of the Pintsch Company, the German Pintsch Company in America, is the company which you have mentioned in New York?

A. Yes.

Q. Do they cover the whole American territory?

A. The United States, Mexico and Canada is the New York Company's territory.

Q. And you are a sub-agent of the Pintsch Company?

A. I am Canadian agent.

Q. And you are employed not by the German company?

A. By the New York company.

Q. You are agent of the American company?

A. Yes.

Q. How many spar buoys did you sell to this government since you have been the agent?

A. I think there were about 60 of them. I am not positive of that.

Q. Gas buoys?

A. Yes.

Q. You sold more than that?

A. I am not positive about it. You can go through the account.

Q. How many do you say?

A. I cannot remember just what the figures are. I know we sold a good many of them, because they wanted to light that entire channel from Montreal to Sorel.

Q. Take the year 1904-5?

A. They will be in the report.

Mr. NORTHRUP.—There were fifty that year.

WITNESS—I think we counted it up—fifty.

By Mr. Brodeur:

Q. Well, how many did you sell last year, do you remember?

A. No, I do not remember.

By Mr. Sinclair:

Q. Could the government have bought them any cheaper if bought direct from the manufacturer?

A. They would not have sold them to you. You could write to-day to Pintsch of Berlin and ask the price, and in about two months you will get a reply from me. Julius Pintsch will not sell these buoys in the United States, Mexico or Canada to anybody but the company I represent, and the company I represent will not negotiate with you only through their agent in Canada, because that is what I am here for, and I handle railway buiness as well.

Q. Referring to your statement that no person here has a plant to build gas buoys, would it be an expensive plant?

A. You will have to put in a blast furnace, as that is the way they make them. It would be an expensive plant.

Q. They could not be made by an ordinary boiler maker?

A. No, several boiler makers have been asked to make them and they said no. If you saw one of these buoys or a big store holder, you would see where the money comes in, you would see that you have got your money's worth, and when you buy one you have got one that will last.

By Mr. Northrup:

Q. Unless it blows up?

A. We test them to three hundred pounds per square inch, and if it blows up we cannot help it, if it is not used right.

APPENDIX No. 3

By Mr. Brodeur :

Q. Do you make buoy lanterns, too?
A. Buoy lanterns, yes.
Q. The same manufacturer?
A. Yes.
Q. You are agent not only for the buoys, but also for the lanterns?
A. Yes.
Q. And you sell the lenses also?
A. Yes.
Q. As agent of the Pintsch Company?
A. No, they are another company, the Barbier, Bennard & Turrenne Co., of Paris.
Q. In regard to the lanterns, how many manufacturers are making these lanterns now?
A. I know of only one, the Julius Pintsch Company, making the buoy lanterns.
Q. And how many manufacturers in the world are making these lenses?
A. There are three, Julius Pintsch, of Berlin; Chance Bros., of England, and Barbier, Bennard & Turrenne, of Paris, France. All other manufacturers in France got their lanterns from Barbier, Bennard & Turrenne. I think there are only three making these lighthouse lenses and lanterns in the world, Pintsch, Chance Bros. and Barbier, Bennard & Turrenne.
Q. Are you aware that prices were asked by the government from those other companies in connection with these lenses?
A. For the lenses without lanterns?
Q. Yes?
A. Well, we furnished the lanterns with the lenses complete.
Q. Were there not some prices asked for from these two companies, Chance Bros. and Barbier, Bennard & Turrenne?
A. I believe there were—I probably would not know it if there were.
Q. Prices asked by the department?
A. Yes, I probably would not know it if they were. They would not tell me.
Q. Were you not asked to quote prices?
A. Yes, I was asked what I could furnish them for.
Q. You do not know whether the other company were called upon to furnish prices?
A. No, I do not know that.

By Mr. Gervais :

Q. You have been speaking about some banking business the government did for you?
A. Yes.
Q. As a matter of fact, the government did not do any of the banking for you.
A. No, I did my own banking business.
Q. The account had been passed and accepted and certified and checked, but the money was not paid because it had not been voted. Under such circumstances, it is usual in many departments and in business enterprises to issue a certificate of indebtedness?
A. Yes.
Q. A certificate that this or that work has been done, and that sum is due for this or that work, and so on?
A. Yes.
Q. It is purely and simply a certificate of indebtedness for work done?
A. Yes.
Q. And that has been done in your case?
A. Yes.
Q. You had a certificate from the Marine Department as to work done?

A. I sent in my account—I delivered the goods and sent in my account, the moneys were due me, and I wanted to know why I had not got my money. I opened negotiations, asked the minister and the deputy minister what could be done?

Q. And you got this certificate and showed it to your bank at Prescott and had money advanced on it?

A. Yes, and I had to pay interest on it too.

By Mr. Macdonald :

Q. Mr. Merwin, I understood you to say to the committee that last September you were moving your office from one place in the city of Montreal to another, and that certain papers, old papers, papers relating to matters closed and disposed of were left in the old office?

A. Yes.

Q. The inference will probably be that those old papers were the only papers which related to transactions with the Dominion government ?

A. No.

Q. Is that correct.

A. No. They were a lot of old papers that would only take up room, and I did not think it was worth while buying filing cabinets to put them in.

Q. Relating to different accounts?

A. Yes, everybody.

By Mr. Stockton:

Q. Do I understand that the papers were left and are there yet?

A. No, the office, I suppose, has been cleaned out. Somebody else has been occupying the office. We left there last September.

Committee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
May 17, 1906.

The Select Standing Committee on Public Accounts met this day at 10.30 a.m., Mr. V. Geoffrion in the chair, and proceeded to the further consideration of the accounts of F. L. Brooks & Co., as set out at P—55 and 97, and the accounts of Geo. T. Merwin, as set out at P—22, 32, 57, 98, 101, 105, and 140, of the Report of the Auditor General for the fiscal year ended July 30, 1905.

The examination of Mr. George T. Merwin was resumed.

By Mr. Brodeur:

Q. How much did you sell to the department during the year 1904-5, in your name as well as in the name of F. L. Brooks & Co.?

A. Well, I have not figured that up. It is all in the Auditor General's Report, but I have not got the figures in my head.

Q. What would be the percentage of the goods which were sold, coming from Germany and coming from the United States—that is buoy apparatus, submarine apparatus—and the percentage of the goods bought in this country?

A. Seventy-five per cent of it.

Q. Seventy-five per cent?

A. At least 75 per cent of it.

Q. Would be what?

A. Would be marine apparatus.

Q. Seventy-five per cent from where?

A. Imported goods from Germany and from New York.

Q. Buoy apparatus?

A. Buoy apparatus, marine stores, and the submarine signal business.

Q. Seventy-five per cent of those goods then were bought mostly from a German firm, and from the Submarine Signal Co.?

A. That material was bought from the German firm or the New York firm, it is the same thing, and the Submarine Signal Company.

Q. And as you said yesterday, there are only two firms which are making those goods?

A. Yes.

Q. If they were needed in the country they had to be bought from one of those two firms?

A. Yes, sir.

Q. The other goods which you bought, were they purchased in connection with the lighthouse depot in Prescott?

A. The machinery?

Q. Yes.

A. Yes, bought for that depot.

Q. The boiler, engine, and the pump which are mentioned at page P—55 of the Auditor General's Report, were they bought for the lighthouse depot at Prescott?

A. I understand that is where they were for .

Q. It was stated in the House in connection with these goods which you sold to the department, or it was suggested that some rake-off had been paid to the officer of the department. Will you please tell me whether that statement is correct or not?

A. It is not.

By Mr. Maclean (Lunenburg):

Q. I want to ask you two or three questions. Have you got the Auditor General's Report there?

A. No, I have not.

Q. Take pages P—15, —22, and P—32, of the Auditor General's Report. At page —15 there is an item 'Equipping steamer with submarine receiving apparatus, $150.' Is that an unreasonable charge?

A. No, it is not. In fact the Submarine Signal Company made an agreement to charge that much money and they did, but it cost them much more money than they received.

Q. They sold it at cost?

A. It cost $210 for each boat.

Q. To equip each steamer with a submarine apparatus they charged $150.

A. They made an agreement to do that for $150.

Q. But it actually cost them more?

A. It actually cost $250. They did not figure that they would have to send their men as far as they did.

Q. Now turn to page P—57. You will find there several items aggregating in amount to $23,260. You sold these goods as the agent of the Safety Car and Heating Co., I think?

A. The Safety Car Heating & Lighting Co.

Q. Did all these goods come from Germany, I mean every single one of them?

A. Yes.

Q. Every item mentioned at page 57 came from Germany?

A. Yes.

Q. Your New York principals were the only people from whom they could be purchased?

A. Yes.

Q. Have you any idea what your principals, in this case, purposed making, or tried to make, or is it fixed at any percentage?

A. Well, I cannot say about that, I do not know exactly. I cannot say what percentage of profit they do make.

Q. You did not get any commission out of this?

A. No.

Q. You are paid a salary?

A. Yes.

Q. It does not matter to you whether the sales amounted to a million dollars?

A. It did not make any difference how much I sold that material for, I got the same remuneration.

Q. Well, turn to page 98. You see there a list of goods which would total up about $60,000 or $70,000. Were these goods supplied by the Safety Car Heating and Lighting Company?

A. Yes.

Q. Where did they purchase them from?

A. They all came from the same source. That hose mentioned there was manufactured in New York.

Q. And the reflectors, I believe?

A. Yes, those reflectors were manufactured in New York too.

Q. So all the articles mentioned there under your name on page 98 came from Germany with the exception of two things?

A. Yes.

Q. And you received no commission on them?

A. No.

Q. They were all by special order of the government?

A. It is all apparatus for that buoy lighting system.

Q. It was all specially ordered and specially made?

A. Specially made apparatus.

Q. And that applies to all the articles I mentioned before on the previous page?

A. It is all on the same class of business, it is all done on the same basis.

Q. You might now turn to page 101. Who were the goods mentioned there supplied by?

A. Well, the first three items there were supplied by the Safety Car Heating and Lighting Company, and the balance by the Submarine Signal Company.

Q. That is a Boston concern?

A. Yes.

Q. You were their agent?

A. I was their Canadian agent.

Q. You were receiving no commission?

A. No, they paid me a salary.

Q. They paid you a salary?

A. Yes.

Q. Were all the articles mentioned on page 101 especially ordered for the government?

A. Yes, it is all special material.

Q. All special material. The prices all were moderate?

A. They were reasonable.

By Mr. Brodeur:

Q. They were covered by patent?

A. A good deal of that apparatus is, but not all of it.

Q. The submarine signals?

A. Yes, the submarine signal bell and the bell ringing apparatus is covered by patent.

By Mr. Maclean (Lunenburg) :

Q. All the signal shore stations were equipped under contract were they not by the Submarine Signal Company?

A. The material was all furnished by them.

Q. The Government of Canada entered into a contract with this company?

A. Yes.

Q. There is something there paid for the services of Mr. H. B. Gale. Who is he?

A. He was the chief engineer of the Submarine Signal Company, and the government requested that the Submarine Signal Company send a man who understood the business to survey and go over the ground and report on it, a man who would understand the business.

Q. At page P-105 I find a payment of $435 for reflectors. Who were they supplied by?

A. Supplied by the Safety Company.

Q. The Safety Company.

A. Yes.

Q. You made nothing upon that?

A. Oh, no.

Q. It was a special order from the government?

A. Yes.

Q. Look at page P-140?

A. That is for equipping another vessel with a submarine receiving apparatus.

Q. You were under contract?

A. They made an agreement to equip these steamers for $150.

Q. And they cost the company over $200?

A. $210 to equip all of these steamers is what it would average up.

Q. Were the goods delivered at Prescott sold delivered at Prescott?

A. No, in the case of these goods sold by the Saftety Car Heating and Lighting Company, the material is all f.o.b., Montreal in bond. That is the way the arrangements were made.

Q. In the case of F L. Brooks & Co., were the goods sold delivered at Prescott or at Montreal generally speaking?

A. I cannot recollect. Some of them were sold delivered at Prescott, and some they paid the freight on them.

By Mr. Brodeur :

Q. Mr. Merwin, yesterday I think you mentioned in answering a question which I put to you that the capital of your company, of the Pintsch Company in Germany, was $500,000. I am informed by the officers of the department that there must be some mistake, and that it should be about $5,000,000 capital?

A. You have got to separate the two companies. If you put the two companies together, the Pintsch Company and the Safety Car Heating and Lighting Co., these two concerns working on the same basis with the same parties and Julius Pintsch, if you take them together the whole thing is capitalized for over $5,000,000.

By Mr. Northrup :

Q. I think you told us, but I want to be sure about it, that you were the sole agent in Canada for the German firm?

A. I would like to get that matter cleared, Mr. Northrup.

Q. Are you the sole agent in Canada for this German firm?

A. I am the sole agent in Canada for the Safety Car Heating and Lighting Company, who control Canada, the United States and Mexico. They have got that territory from a German firm, and I am the Safety Company's agent.

Q. But you are the sole representative in Canada of this German firm ?

A. No, the German firm does not employ me.

Q. I did not say they did.

A. I am not the agent for the German firm.

Q. You are the sole representative in Canada to sell the goods for this firm?

A. I am the sole representative in Canada to sell the goods which are manufactured by this German firm.

Q. And you act for the Safety Car Heating and Lighting Co.?

A. Yes, sir.

Q. Which has representatives in the States, in Canada and in Mexico?

A. Yes.

Q. Now, as to the Parisian firm?

A. Yes.

Q. Are you the only representative in Canada that sells their goods?

A. Yes. The firm styled F. L. Brooks & Co. They are the sole Canadian agents for this Parisian firm.

Q. And are you the agent direct?

A. I am the agent direct, but the Safety Company has nothing to do with that at all.

Q. Then as to this company in Boston?

A. The Submarine Signal Company.

Q. Are you the only representative who sells these goods?

A. I was at the time, but not now. I resigned the agency last October.

Q. And were you up to that time directly appointed by themselves?

A. I was appointed by them.

Q. Are you the only representative in this country of the Car Safety Heating and Lighting Company?

A. Yes.

Q. Is that an incorporated company?

A. It is.

Q. Incorporated where?

A. In the State of New Jersey.

Q. And there is some other company in New York which you represent, is there not?

A. No.

Q. That is all?

A. That is all.

Q. In the case of these goods you sold to the government, you were the only representative in Canada to sell those goods?

A. Yes.

Q. Is that Safety Car Heating and Lighting Co. a manufacturing company ?

A. Yes.

Q. What does it manufacture?

A. Car lamps and materials of all kinds for the lighting of cars.

Q. Where?

A. The factory is in Jersey City.

Q. Have you had any dealings with this Buffalo Forge Co.?

A. No.

Q. You do not know them at all?

A. No, I do not know them at all.

Q. Will you look at the description of this engine and tell me if it is similar to the one you sold to the government?

A. I could not tell.

Q. And you personally have no dealings with the Buffalo company?

A. No.

APPENDIX No. 3

By Mr. Taylor :

Q. Where did you purchase the engine?
A. From Williams & Wilson, Montreal.
Q. Do they not sell engines for the Buffalo firm?
A. I do not know whether they do or not. I know they handle these engines.
Q. According to the item at page P—55, you sold an engine to the government for $950?
A. Yes.
Q. And you bought it from their agents at Montreal?
A. Yes.
Q. Did you sell it to the government free of duty or duty paid?
A. Duty free.
Q. You delivered it to the government where?
A. Prescott.
Q. Duty paid?
A. Duty free.
Q. You charged $960, as shown by this item?
A. Yes.
Q. What did you pay the agent of the Buffalo Forge Company at Montreal for that?
A. I never had any dealings with the Buffalo Forge Co.
Q. Their agents at Montreal are Williams & Wilson. What did you pay them for it?
A. I cannot tell you.
Q. What was the size of the engine?
A. What page of the Auditor General's Report is the item to be found at?
Q. Page P—55. A Sturtevant engine?
A. Seven by seven.
Q. Can you give any other dimensions?
A. It is the only dimensions I can recall now.
Q. And you bought that from Mr. Williams?
A. Williams & Wilson.
Q. At Montreal?
A. At Montreal.
Q. You refuse to tell what you paid them for it?
A. Yes, sir.
Q. Did you have an invoice for it?
A. From them?
Q. From them.
A. Certainly.
Q. What became of that invoice?
A. That invoice? All those papers were thrown away.
Q. Thrown away, when?
A. When we moved. When the firm of F. L. Brooks & Co. moved from the Temple Building over to the Sovereign Bank Building a lot of these old papers were thrown away.
Q. Did you throw them away?
A. Personally?
Q. Yes.
A. I left them there in the office when we moved.
Q. You left them there in the office?
A. Threw them into baskets or rather into an old box.
Q. Not a waste basket?
A. No.
Q. Are they there in the box?

A. I do not think they are, for the firm that moved in after we moved out I do not think would keep them.

Q. You did not get them, although you promised to deliver them here?

A. They were left behind.

Q. You did not go to the box to find them?

A. I did not.

Q. Then you did not make any effort to discover them?

A. No.

Q. They may be in the box yet?

A. They may be. I can not say that they are not.

Q. If Williams & Wilson offered to deliver a duplicate of that engine, duty paid, to Gananoque for $600 would that be more than the price you paid?

A. I could not tell you that.

Q. You could not tell?

A. I won't tell you that.

Q. You could not tell, or will not tell, whether you paid them more than $600 for the engine or not?

A. No.

Q. You might have paid them more or you might have paid them less?

A. It is up to you.

Q. What is your answer?

A. I have no answer to that question at all.

Q. It is a fair question?

A. You think so, but I do not.

Q. I ask you to state from memory?

A. I cannot remember.

Q. Whether you paid more or less?

A. I cannot remember.

Q. Whether you paid them more or less?

A. No.

Q. I ask you again if you paid more or less than $600?

A. I cannot answer.

Q. Will you swear that you do not remember?

A. Yes, I am under oath now.

Q. And you will swear that you put the invoices in that box?

A. Yes.

Q. And it may be in the office yet?

A. It may be there.

Q. You said a short time ago, I think, that they were destroyed?

A. No, I did not. I never said they were destroyed. You will not find that in the evidence.

Q. You said they might be in the waste paper basket or box?

A. There are a lot of men here who heard my statement.

Q. You have not made any effort to produce your papers, although they may still be in the box. Then will you make an effort to produce them?

A. I will go over and see if they are there, if that is what you want me to do.

Q. Cannot you get a copy from Mr. Williams?

A. Yes, I suppose I could get it.

Q. Will you get a copy and produce it?

A. No, I will not.

Q. You refuse to produce it?

A. Yes.

Q. Although you promised to produce the original?

A. If I could find it.

Q. Now, I will just read you a letter (Exhibit A):—

APPENDIX No. 3

'HOUSE OF COMMONS,
'OTTAWA, April 19, 1906.

'Messrs. Buffalo Forge Co.,
Buffalo, N.Y.,

'GENTLEMEN,—Please give me your best price for one 6 x 6 upright Sturtevant automatic engine. I am president of the Ontario Wheel Company, of Gananoque, Ont., and we may require one for our works. Give me your best price f.o.b. cars at Buffalo, and much oblige,

'Yours, &c.,

'P.S.—Please address George Taylor, M.P., Ottawa, as I am a member of parliament and I am here now attending the session.'

In reply the following letter was received (Exhibit A-1):—

'BUFFALO FORGE CO.,
'BUFFALO, N.Y., April 21, 1906.

'Hon. George Taylor, M.P.,
'House of Commons,
'Ottawa, Ont.

Engines.

'DEAR SIR,—Your valued favour of the 19th inst., concerning a 6 x 6 vertical automatic engine of the Sturtevant type duly received. We make a complete line of vertical automatic high speed engines, a small folder illustrating same being herewith enclosed.

All our business in your city, however, is handled through the Canadian Buffalo Forge Company, Ltd., corner Notre Dame and Darling streets, Montreal, Que., and we have taken the liberty of forwarding a copy of your letter to them. They will be pleased to take the matter up with you, furnishing best prices together with specification.

'Hoping to hear from you further through them, we beg to remain,

'Yours very truly,

'BUFFALO FORGE COMPANY.'

Then comes this letter from Montreal (Exhibit A-2):—

'THE CANADIAN BUFFALO FORGE CO., LTD.,
'ENGINEERS AND MANUFACTURERS,
'MONTREAL, CANADA, April 24.

'George Taylor, M.P.,
'Ottawa, Ont.

DEAR SIR,—We are in receipt of a copy of yours of the 19th inst., to the Buffalo Forge Company, and are pleased to enclose herewith our specifications for Buffalo engines delivered at Gananoque, Ont. These engines are still made in Buffalo, and we are therefore obliged to pay duty on them in bringing them into Canada. We manufacture in Montreal, however, a full line of forges, blowers, disc wheels, &c., and will be pleased to quote you on anything you require in this line.

'Yours very truly,

'CANADA BUFFALO FORGE CO., LTD.'

The specifications are then given for the duplicate of this 7 x 7 engine which is 20.95 horse-power and 450 revolutions per minute, and they say, 'We propose to furnish this engine as specified, for and in consideration of the sum of $600 f.o.b. cars Buffalo, N.Y., freight allowed to Gananoque, Ont., duty prepaid.' The specifications in question read as follows (Exhibit A-3):—

'BUFFALO FORGE COMPANY, ENGINEERS AND MANUFACTURERS,

'NEW YORK, BUFFALO, CHICAGO.

'SPECIFICATION of the Buffalo Forge Company engine for Geo. Taylor, M.P., Ottawa, Ont.

'1. *Type.*—The Buffalo Forge Company automatic class, a vertical, centre-crank engine arranged for belt connection.

'2. *Rating.*—Horse-power of engine, 20·95 at 450 revolutions per minute, with an initial steam pressure of 100 lbs. cutting of at ¼ stroke.

'3. *General dimensions.*—Cylinder, diam., 6; stroke, 6; fly wheel, diam., 39; face, 7; bearings, diam., . .; length, . .; crank pin, diam., . .; length, . .; crosshead pin, diam., . .; length, . .; pipes, steam 2; exhaust 2½; shipping weight of engine, 2,000 lbs.

'4. *Bed.*—To be of the inclosed type for the self-oiling of main bearings, crosshead, piston rod, crank and crosshead pins; all moving parts are to be so inclosed as to prevent oil from being thrown on surrounding objects, or from running over the side of the bed.

'(N.B.—The above refers only to class "A" engines).

'5. *Cylinder and valves.*—Cylinder and valve chest to be cast in one piece, and lagged with corrugated polished steel. Valve to be of the balanced piston type, working in removable bushings, and adjustable for taking up wear in the surfaces of the valve and valve seat.

'6. *Governor.*—To be the Buffalo type of inertia shaft governor which has the least possible frictional surface, and with parts so disposed as to be practically in gravity balance. It is capable of a simple adjustment through a wide range. The link is to have a spherical bearing and the other bearings are to be hardened steel pins working in lumen bushings. The governor is to be capable of regulating the speed within the limits guaranteed.

'7. *Crosshead.*—To be cast steel, bored and reamed to receive a taper wrist pin of hardened steel. Crosshead shoes to be lined with best babbitt metal and provided with separate wedge adjustments and locking devices.

'8. *Crank shaft.*—The crank shaft to be of forged steel, forged in one piece with cast-iron counter-balance discs fitted to crank shaft.

'9. *Connecting rod.*—Connecting rod to be of forged steel, fitted with lumen bronze writ pin and cast-iron crank-pin boxes, the latter lined with best babbitt metal. The crank end to be of the locomotive type, and both ends to be provided with wedge adjustment.

'10. *Sub-base.*—The engine to be mounted on a heavy sub-base of neat design. Engine and sub-base to be painted with a well-finished surface, and the cylinder, steam chest, cylinder head, steam chest cover, oil guards, and rims and face of fly wheels to be highly polished.

'11. *Equipment.*—Cylinder to be tapped for indicator connections. The following fittings to be supplied:—

'Sight-feed cylinder lubricator, nickel-plated sight-feed oilers for all parts not self-oiling, throttle valve, cylinder and steam chest drain connections with automatic relief valves, complete set of wrenches mounted on a board, necessary anchor bolts and templates.

'12. *Guarantee.*—We guarantee all workmanship and material to be first class and free from mechnical defects. Engine to be thoroughly tested and balanced at the works of the Buffalo Forge Company, and under such test speed of engine shall not vary more than.....per cent between no load and full load. A certificate of said test to accompany engine. In the case of direct connection to generator we do not assume the responsibility for the running balance of engine unless assembled at our works; in which case a charge of..... ($.....) will be made.

Mr. GEORGE T. MERWIN.

APPENDIX No. 3

'13. *Proposition.*—We propose to furnish this engine, as specified, for and in consideration of the sum of six hundred dollars ($600) f.o.b. cars Buffalo, N.Y., freight allowed to Gananoque, Ont., duty prepaid.

'If the services of an engineer are desired for the erection of this engine, or at any subsequent time, a charge will be made of $5 per day and expenses from the time of leaving Buffalo until his return.

'14. *Terms.*—Thirty days.

'TAKE NOTICE.—All goods will be shipped standard and not knocked down further than shipping requirements unless this order specifies otherwise and gives size limit of packages. Any change after work is begun is subject to expense of making same. When desired shipping date is not given, machines will be completed and forwarded as soon as possible.

'These prices are for immediate closing and subject to change without notice.

'All dates of shipment are contingent upon strikes, accidents, delays of carriers or other causes unavoidable or beyond our control. Express or freight charges on foundation bolts or templates, if required in advance of shipment, to be paid by purchaser. Title of goods to remain with Buffalo Forge Company until paid for in full. All contracts are subject to the approval of the Buffalo office of Buffalo Forge Company, Buffalo, N.Y. It is mutually agreed that all existing agreements are stipulated herewith, and no verbal understandings are to be recognized.

'Accepted by 'Respectfully submitted,

'BUFFALO FORGE COMPANY.

'Per. . . . . .

'. . . . . .190 .'

Now, the government paid $960 for this very same class of engine without any duty.

Now, will you tell me, after that offer from the same gentlemen to deliver an engine of the same kind free of duty, whether you paid more than $600 or less?

A. I have nothing to do with these letters, Mr. Taylor, I did not write them or receive them.

Q. But there is a letter from the same gentleman, from the same makers that you bought from?

A. No, I did not buy from them. I do not know anything about them.

Q. Williams & Wilson are their agents at Montreal?

A. I did not know they had an agent at Montreal.

Q. Well, whoever you bought the engine from, and it is of the same make, did you pay more or less than $600?

A. I refuse to answer the question.

Q. Can you buy one to-day for less than $600?

A. I do not know.

By Mr. Barker:

Q. Mr. Merwin, you were very well up in your business as a commission agent, in all these engines and boilers, and all that sort of thing, I suppose?

A. Well, I am not in engines and boilers. I am very well posted, but I do not claim to be an expert.

Q. Do you know this Buffalo company has an agency in Montreal?

A. I do not know it.

Q. You are not acquainted with that?

A. No.

Q. Your information on the subject, then, does not go so far as to know who the agencies of that kind are in Montreal?

A. No, it does not.

Q. Yet you are employed to buy these things?

A. I am not employed to buy them.

Q. By the government?

A. I am not employed by the government to buy them; I am not a government employee.

Q. But you are employed by them?

A. Well, I could hardly say I was employed to buy them, no. They did not employ me to buy them.

Q. Were you not buying these goods personally?

A. They ordered the goods from me and I sold them.

Q. You bought them personally?

A. I bought them personally.

Q. And you filling the order in that way yet do not know, as I understand you, whether the Buffalo company has an agency or not?

A. I do not know.

Q. Do you know where the Sturtevant engine is made?

A. No, I do not know where it is made. I always understood that Williams & Wilson were the agents of the makers.

Q. Do you know who are the makers?

A. No.

Q. Although you buy and sell in this way to the government you do not know these facts?

A. Not as to that machinery.

Q. You are selling to the government a Sturtevant engine and you do not know where such a thing is made or by whom?

A. No.

Q. Who was it that ordered this Sturtevant engine from you?

A. I cannot recall now just who the letters were signed by. They were either signed by Col. Gourdeau or by Mr. J. F. Fraser, but I am not positive.

Q. Either Mr. Gourdeau or Mr. Fraser?

A. Yes.

Q. Have you thrown the letters away, too?

A. All these old papers relative to that business.

Q. All your correspondence was thrown into the box?

A. Yes.

Q. How recently was this transaction?

A. Last September those papers were thrown away. That is when we moved.

Q. How recently was this transaction?

A. I think in 1903, the latter part of 1903.

Q. 1903.

A. I believe it was. It may have been in 1902. They do not give me any dates here in the report.

Q. This is a contract for the year 1904-5?

A. You can see it on the invoice there.

Q. And you say that not only your invoices, but your correspondence was thrown away?

A. All the correspondence relative to that business.

Q. With the government of Canada?

A. With all business.

Q. All thrown into this box?

A. When we moved we threw that stuff away.

Q. You call correspondence with the government of Canada connected with such matters and where you were charging them to such an extent rubbish.

A. Yes, after the orders have been executed and paid for.

Q. You say it was rubbish? Now, sir, you tell me upon your oath that you know

no more about the Sturtevant engine, where it is made or by whom it is made, than you have stated here?

A. That is all.

Q. Although you are buying it and selling it to the government?

A. Yes.

By Mr. Sproule :

Q. Do you keep any book in which you take account of the invoices?

A. Yes.

Q. Have you that book?

A. I do not know whether our present ledger shows it or not. When we moved in September we established different lines, new lines of business, and took up two or three new agencies, and we opened a new set of books.

Q. And you think the books were left with these papers as well?

A. I think the old books were thrown away.

Q. Are you the sole representative of the firm, or does the firm consist of yourself?

A. No, I am a partner.

Q. You have a partner?

A. Yes, there are two of us.

Q. Do you mean to say that in keeping the books of the company that you would throw them away after you were through with them?

A. Mr. Brooks and I, after we moved, took up two or three different lines of business, and we did not think it necessary to take a lot of filing cabinets in order to file this old correspondence.

Q. If I understand correctly, all accounts in these different lines of the company would be in those books?

A. Yes.

Q. Well, would there not be other matters going on that would be treated of in the books that would compel you to keep them?

A. Well, we had not done so very much business previous to that? There was not anything so very important that we needed to keep the books.

Q. Still there would be the running of the business of the firm, and the books would be the only record of it. You say that you have a book in which you keep the invoices?

A. We have books now that we keep accounts in.

Q. The books of this transaction, have you them still?

A. I think they are there yet.

Q. Could you not bring them?

A. There are lots of accounts in these books that I am not supposed to let everybody see.

Q. So there may be, but that would not be sufficient reason why you should not allow a sub-committee from this committee to examine those items?

A. Yes, I would object to it.

Q. Concerning this important question?

A. I would object to it.

Q. You would object to it?

A. Yes.

Q. There may be another power in the land besides you. I understood you to say, with reference to these firms, that you were hired?

A. Yes.

Q. Am I correct in understanding that you were hired by two or more firms in different lines?

A. Two firms in different lines.

Q. Was your whole time employed or paid for by these two firms?

A. Nearly all my time was taken up with their business.

Q. You were hired by a salary?
A. Yes.
Q. A given salary per annum, I think.
A. Yes.
Q. Then each of them paid you for your full time?
A. Each of them paid me what they considered my services were worth.
Q. Had you the right to sell the goods below their schedule price?
A. I have no right to make the prices at all, they made the prices.
Q. You never put the prices up or down?
A. No.
Q. They made the prices?
A. They made the prices.
Q. And they allowed you no commission?
A. They allowed me no commission at all.
Q. But a salary?
A. But a salary.

By Mr. Stockton:

Q. When you moved, you opened new books, you say?
A. Yes.
Q. And the old books you destroyed or left behind?
A. Some of the old books went with the rest of that correspondence. I do not know whether they all went or not.
Q. Have you no memory about it?
A. No, I cannot remember it now. I cannot recall it exactly.
Q. Did you make any inquiry?
A. I cannot come out and make a statement under oath. I cannot say no, they were not, or yes, they were.
Q. But you were asked to bring your papers and memoranda. Did you make any search?
A. I brought all that I had, in fact I did not have any.
Q. But you have just stated a moment ago that some of these books were thrown into a box?
A. When we moved our office, there was an old box and we threw all our old papers into it.
Q. It must have been a considerable sized box?
A. No, it was not a big office we had at that time. We had a small office, not as big as this.
Q. Do you say that some of the books were sent to Boston?
A. All the correspondence relative to the submarine signal business were sent back to Boston, when the orders had been filed.
Q. You made a selection? Some were destroyed or abandoned and some sent to Boston?
A. No, it is not that at all.
Q. Then, what is it?
A. Last September when the firm of F. L. Brooks & Co. moved it was then that these old accounts, these old government receipts, all the old papers, were sent away to the Submarine Signal Company's business office, which is over at the other side of the town.
Q. What about the books?
A. When I resigned from that agency I sent everything I had regarding it.
Q. You sent them to whom?
A. The Submarine Signal Company.
Q. Would that include the books in which their business was?
A. Yes.

APPENDIX No. 3

By Mr. Taylor :

Q. I want to ask you a few questions about this underwriters' pump. You sold the government an underwriters' pump?

A. Yes, sir.

Q. Of what capacity?

A. A thousand gallons.

Q. A thousand gallon underwriters' pump?

A. Yes.

Q. Who is the manufacturer?

A. Worthington.

Q. That is a pump that is approved of by the Fire Underwriters' Association?

A. Yes.

Q. So that if an insurance agent comes to a factory and asks you what kind of a pump you have, if you say you have a thousand gallon underwriters' pump, they will regulate your rates of insurance? That is the purpose of this pump?

A. That is the purpose.

Q. Is there one like it made in Canada?

A. I do not know.

Q. Is there one approved of by the Underwriters' Association in Canada?

A. I could not tell you.

Q. Do you know the price at which the Canadian pump is sold?

A. No, I do not.

Q. What is the price the Worthington pump sells for in the United States?

A. I could not tell you.

Q. You do not know that either? What did you sell this one to the government for, at what price?

A. What page is that at?

Q. Page P—55 of the Auditor General's Report. One 1,000 gallon underwriters' pump, $1,550. That is the price at which you sold to the government?

A. Yes.

Q. To whom did you sell?

A. To the government.

Q. Whom did you make the bargain with?

A. I got an order from a departmental official.

Q. Have you a copy of that order?

A. I have not now, I do not think.

Q. Who is it signed by?

A. I cannot recall which one it was; some one of the officers of the department.

Q. Who was that order signed by?

A. Well, I cannot recollect now.

Q. Whom do you think? You gave us before the names of Mr. Gourdeau and Mr. Fraser.

A. I think it was either one of those two.

Q. It was done by correspondence.

A. Yes.

Q. Well, Mr. Gourdeau or Mr. Fraser, whoever wrote you, would likely have a copy of the order.

A. I think they ought to. I do not know what method they employ here.

Q. Do you know whether the order instructing you to furnish the underwriters' pump, which cost $1,550, left it to you to put the price on?

A. I do not know whether they specified in the order the price or not.

Q. Where was it to be delivered?

A. Prescott.

Q. I thought you told us it was delivered at Ogdensburg

A. I told you it was; I explained that circumstance.

Q. But you tell us now it was delivered at Prescott?

A. You asked me where it was to be delivered.

Q. I ask you where it was delivered?

A. They took it over from me at Ogdensburg.

Q. The government took charge of it there, and if there was any duty they paid the duty?

A. If there was any duty they paid, but I do not think they did.

Q. You had nothing to do with the duty?

A. No.

Q. Do you know what Worthington pumps sell for in Canada?

A. I do not know.

Q. Freight and duty paid?

A. No.

Q. You do not know that?

A. No.

Q. Did you buy direct from the Worthington people or from their agents at Montreal?

A. Bought direct from the Worthington Company. Mr. Brooks was at the time in New York.

Q. Mr. Brooks, your partner, bought that pump in New York. And you sent him the order, I suppose? After he bought it there was an invoice sent to you, was there not?

A. We got an invoice.

Q. You got an invoice?

A. Oh, yes.

Q. Where is that invoice?

A. It went with the rest.

Q. Did the order specify to you the purchase of a thousand-gallon Underwriter's pump of the Worthington make?

A. The Worthington make.

Q. The order says that?

A. Yes.

Q. And that order was sent either by Col. Gourdeau or Mr. Fraser?

A. Yes.

Q. Did you have any conversation with them in reference to sending the order?

A. They wrote and asked me whether I could procure it.

Q. Yes, who asked you that?

A. And I said I could procure it for them.

Q. Who wrote you?

A. I think it was Mr. Fraser.

Q. Asking you if you could supply an Underwriter's 1,000-gallon pump, and you said that you could?

A. Yes.

Q. Did they ask you what you could supply it for?

A. I cannot recall whether his letter on the subject asked me to quote a price or not.

Q. But you quoted a price before you purchased?

A. Yes.

Q. To the government?

A. Yes.

Q. At $1,550?

A. Yes.

Q. By correspondence?

A. Yes.

Q. To whom did you write?
A. Well, it was addressed to either Col. Gourdeau or Mr. Fraser, either one.
Q. Then you wrote to either Col. Gourdeau or Mr. Fraser?
A. Yes.
Q. Stating that you would furnish the pump for $1,550?
A. Yes.
Q. Then we could get that letter, I presume, it would be in the department?
A. I do not know.
Q. After you had said what you would do it for, I suppose there was another letter accepting the proposition?
A. Undoubtedly, the order must have come then.
Q. The order came then?
A. Yes.
Q. Now, I want to submit other letters. Here is a letter dated April 19:

EXHIBIT B.

HOUSE OF COMMONS,
OTTAWA, April 19, 1906.

Messrs. CANADA FOUNDRY CO.,
Toronto.

GENTLEMEN,—Please give me your best price for one of your 1,000-gallon Underwriter's pump complete. I am president of the Ontario Wheel Company, Gananoque, and we are thinking of installing one of these pumps there, and I want to ascertain your best price for the same f.o.b. Toronto, and much oblige.

Yours, &c.,

P.S.—Please address George Taylor, M.P., Ottawa, as I am here at present attending the session.

EXHIBIT B-1.

CANADA FOUNDRY COMPANY, LIMITED,
HEAD OFFICE 14-16 KING ST., EAST,
TORONTO, ONT.

SALES DEPARTMENT,
TORONTO, April 20, 1906.

GEO. TAYLOR, Esq., M.P.,
Ottawa, Ont.

DEAR SIR,—We beg to acknowledge your favour of the 19th inst., in connection with Underwriter fire pump, and note that you will be in Ottawa for the present. We have consequently written our Ottawa agent, requesting him to call upon you and discuss this matter.

Trusting that we may be successful in securing your order, we are,

Yours truly,
CANADA FOUNDRY COMPANY, LIMITED.
(Sgd.) A. W. S. ROBERTS,
Asst. Sales Manager.

MR. GEORGE T. MERWIN.

EXHIBIT B-2.

CANADA FOUNDRY COMPANY, LIMITED.
Head Office : 14-16 King St. East,
Toronto, Ont.

OTTAWA OFFICE,

CHW/F. TORONTO, April 27, 1906.

GEORGE TAYLOR, Esq., M.P.,
House of Commons,
City.

Re Underwriters' Pump.

DEAR SIR,—Referring to the conversation which the writer had with you in the House the other evening, we beg to quote you on :

One steam-driven underwriters' fire pump, 1,000 galls. capacity, for the sum of..... $1,075 00
F.O.B. cars, Toronto, Ont.

We have already handed you our bulletin descriptive and illustrative of our standard line of pumps, and we can assure you that this pump is the very highest grade of manufacture. We hope to send you at the beginning of next week a list of companies using our pumps in this vicinity. Unfortunately, we have not such a list in this office at the present time.

Regarding the belt-driven pump, we have not as yet received definite information, but we think that should you consider any other style of pump than the steam-driven one, that you should obtain a definite statement from the Mutual Underwriters' Association as to just what style of pump they will allow you to install, otherwise you may have some trouble with your insurance regulations. We would be glad to give you any further information which you may require concerning the apparatus which we manufacture, and trust that you will favour us with your esteemed order in this connection.

Yours truly,
(Sgd.) C. H. WRIGHT,
Canada Foundry Co., Ltd.

Mr. Merwin, could you have purchased a Worthington pump, paid the freight and duty and delivered it in Canada at the same price that the Canada Foundry Company was selling the same pump for?

A. I could not get the Worthington pump from them—I do not suppose I could get a Worthington pump from them.

Q. Could you have bought a Worthington pump, paid the freight and duty upon it and compete with the Canada Foundry Company's price?

A. I do not know. I would have to write to them and ask.

Q. You bought one?

A. That was some years ago.

Q. Do you know what you paid for the one you supplied the government?

A. I cannot give you the exact figures.

Q. Could you give us near the figures?

A. No.

Q. You bought it, can't you tell what you paid?

A. I will not tell what I paid, no.

Q. You will not tell?

A. I will not tell what I paid for it.

APPENDIX No. 3

By Mr. Brodeur :

Q. Mr. Taylor has filed Exhibit 'A,' some correspondence which he had with the Buffalo Forge Company, with regard to a Sturtevant automatic engine. I see that this specification says—it is a letter calling for a price of an engine 6 x 6. Is that the kind of engine which was sold by you to the department?

A. Yes, there was a 6 x 6 and a 7 x 7.

Q. Will you please look at the specification and tell us whether it was absolutely the same kind of engine as the one which was sold by you to the department?

A. I cannot recall the specification at all, Mr. Minister; I cannot recall just exactly the specifications which was given for this Sturtevant engine, and this specification comes from a concern that I do not know at all, so I cannot make any comparison.

Q. Well, I see, Mr. Merwin, in the Auditor General's Report that this engine has been quoted to Mr. Taylor the engine of 6 x 6, at $600?

A. Yes.

Q. Am I well informed when I say that the engine sold to the department, 6 x 6, was sold at $550, page 55?

A. $550 is the price.

Q. So that this engine of 6 x 6, which was quoted by Mr. Taylor, was quoted at a higher price than the one which you bought for the department?

A. 6 x 6—you paid $550, and the 7 x 7 you paid $950

Q. I see that there are two engines in that account of Mr. Brooks, and one is an engine of 7 x 7 ?

A. Yes.

Q. Vertical engine with automatic cut-off, $960. Then there is one 6 x 6, automatic engine, $550?

A. Yes.

Q. Now, under the specifications I have got before me I find the cylinder diameter is 6, the stroke 6, the fly wheel diameter 39, the face 7. Is that description in the specification in the correspondence 6 x 6, which is given there, or 7 x 7, which is given there, or does it agree in any way with either of these two engines?

A. Well, to the best of my recollection, the dimensions given of these engines here are the stroke of the cylinders.

Q. That would be 6 x 6?

A. Yes. When Mr. Taylor speaks of face I do not really know what he means.

Q. I think that is an important point. Will you look into these specifications and tell me whether they agree with one or the other of the two engines which were sold to the department, and which are included on page 55?

A. As I see, Mr. Minister, this specification is got up by a company that I do not know anything about, and to the best of my recollection the dimensions given of these engines here are its stroke. To the best of my recollection I cannot say positively, but I do not know anything about it, because I do not know these people.

Q. It has been suggested that there is a great difference between vertical and upright engines?

A. I do not know whether there is any difference between vertical and upright engines. I cannot find it.

Q. With the experience you have had, is there any difference?

A. No, there is no difference between vertical and upright engines.

Q. I see in these specifications also a ueer statement. I am not very familiar with contracts of that kind and I want some information. They propose to furnish this engine as specified, f.o.b. Buffalo, N.Y., freight allowed to Gananoque, duty prepaid. Can you explain how it is that a thing may be sold f.o.b. Buffalo, N.Y., and freight allowed to Gananoque, Ont.?

A. That is a mere term of theirs. If it is f.o.b. it means they put the machine on the car and then they allow the freight.

Q. F.o.b. cars, that means delivered at Buffalo?

A. Yes.

Q. How do you account for their saying 'freight allowed to Gananoque'?

A. Mr. Taylor got that, I did not question him.

Q. I am asking you?

A. It appears like a contradiction.

Q. Therefore, a man who makes such an offer simply makes a contradictory offer.

A. It appears so there.

By Mr. Stockton :

Q. F.o.b. means that the responsibility of the shipper ends there on board cars at Buffalo and they pay the freight and duty?

A. F.o.b. means delivered.

By Mr. Brodeur :

Q. If the freight was to be paid to Gananoque——

A. It should read f.o.b. Gananoque.

Q. I see that by a letter which is filed as Exhibit 'B' of the correspondence filed by Mr. Taylor, that it is written to the Canada Foundry Company asking for quotations for an underwriters' pump of 1,000 gallons. Is there any difference between these pumps?

A. I do not know. I do not know that pump.

Q. I see by the correspondence that the company wrote to Mr. Taylor:—

'TORONTO, April 20, 1906.

'GEO. TAYLOR, Esq., M.P.,
'Ottawa, Ont.

'DEAR SIR,—We beg to acknowledge your favour of the 19th inst., in connection with underwriter fire pump, and note that you will be in Ottawa for the present. We have consequently written our Ottawa agent, requesting him to call upon you and discuss this matter.

'Trusting that we may be successful in securing your order, we are,

Yours truly,

'CANADA FOUNDRY COMPANY, LIMITED.'

Now, I see there was some conversation with Mr. Wright regarding an underwriters' pump:—

'Referring to the conversation which the writer had with you in the House the other evening, we beg to quote on:

'One steam-driven underwriters' fire pump, 1,000 galls. capacity, for the sum of ..... $1,075.'

Is there anything much depends on the size of the pump in fixing the price?

A. I suppose the size of the pump has something to do with the price. He asked for a 1,000 galls. fire underwriters' pump.

Q. I suppose it would be interesting to know the conversation which took place?

A. Yes.

Q. Mr. Merwin, you spoke yesterday of some arrangement which you had made with the Merchants' Bank with reference to the discounting of your accounts which you had against the department?

A. Yes.

Q. I have three letters here which I will read. Here is a letter from Mr. Devitt, manager of the bank:—

APPENDIX No. 3

EXHIBIT C.

'MERCHANTS BANK OF CANADA,
PRESCOTT, January 13, 1906.

'Lt.-Col. F. GOURDEAU,
'Deputy Minister of Marine and Fisheries,
'Ottawa.

'DEAR SIR,—Arrangements have been made with Messrs. F. L. Brooks & Company, Montreal, whereby we will advance them money for goods supplied by them to your department, on the receipt from you of properly certified duplicate invoices, and on your undertaking to pay the money for such goods over to us.

'Brooks & Co. will communicate with you and explain more fully.

'I shall be glad to have your authority, and if possible some idea as to when we may expect to have payment for these advances at your earliest convenience, as Brooks & Co. are very anxious to realize on these goods as soon as possible.

'Thanking you in anticipation.

'Yours truly,

(Sgd.) 'A. H. DEVITT,
'*Manager.*'

Was that letter written after an interview you had with the manager of the bank?
A. Yes.
Q. In conformity with an understanding you had with him?
A. Yes.
Q. Before you spoke to the department?
A. Yes.
Q. You wrote yourself to the department, did you?
A. I did.
Q. That is exhibit C. Will you take the communication and tell us whether it is a letter which was sent to the department?

EXHIBIT D.

'MONTREAL, January 13, 1906.

LT.-COL. F. GOURDEAU,
'Deputy Minister of Marine and Fisheries,
'Ottawa, Ont.

'SIR,—We have now accounts against your department for $28,162 for lighthouse apparatus delivered to the Dominion Lighthouse Depot, Prescott, and we have been informed that the department is not in a position to liquidate these accounts, and as our business with our principals abroad is operated on a cash basis, you will see by the inclosed statement that we are carrying quite a sum on your account, and that there being no sign of immediate payment, we have made arrangements with the Prescott branch of the Merchants Bank of Canada to advance us money against the above accounts, and we would ask that you write Mr. Devitt, manager of the above mentioned bank at Prescott, that you will draw cheques for this account in his favour and forward them to him, and we would ask that you accept this letter from us as your authority for doing the same.

'Trusting that you will give this matter your early attention.

'Respectfully yours,

(Sgd.) 'F. L. BROOKS & CO.'

That letter was sent by you?
A. Yes.

Q. Here is a letter which was sent by the deputy minister to Mr. Devitt, manager of the Merchants Bank, at Prescott:—

EXHIBIT E.

'MARINE AND FISHERIES DEPARTMENT,
'OTTAWA, January 15, 1906.

Mr. DEVITT,
'Manager, Merchants Bank, Prescott, Ont.

'SIR,—I am to-day in receipt of a letter from Messrs. F. L. Brooks & Co., Sovereign Bank Building, Montreal, advising me that they have arranged with you to make advances to them on account of lighthouse material delivered to this department at Prescott.

'The amount which is now due is $28,162, and I have to advise you that cheques for this amount will be forwarded to you, and such further amounts which may be due from time to time by this department to Messrs. F. L. Brooks & Co.

'I am, sir,
'Your obedient servant,
(Sgd.) 'F. GOURDEAU,
'*Deputy Minister M. & F.*'

Did you have any other arrangement with the department with regard to the payment of this account?

A. No, that was the only arrangement I had with them.

By Mr. Northrup:

Q. This correspondence I see begins with the letter of January 13, 1906?
A. Yes.
Q. A letter from you to Col. Gourdeau?
A. Yes.
Q. And a letter from the Merchants Bank of that date also to Col. Gourdeau?
A. Yes.
Q. You had evidently seen the Merchants Bank before?
A. Yes, I talked to the manager of the Merchants Bank.
Q. Did you go personally, or was anybody with you?
A. I went personally.
Q. Did you have an interview with the manager in company with any official of the department?
A. No, sir.
Q. It was wholly between you and the manager?
A. Yes.
Q. Had there been any arrangement between you and the deputy up to that time?
A. No.
Q. The whole correspondence had been in these three letters?
A. Yes.
Q. Do you copy any letters?
A. I keep carbon copies.
Q. You have letter books?
A. I think I have carbon copies of these letters.
Q. Have you copies of your letters with the department?
A. Yes.
Q. You have these, have you?
A. Yes.

Q. You can produce them?
A. I can.
Q. That might help us in some of these matters?
A. That is all since September.
Q. You claimed to have destroyed everything?
A. This is business transacted since September, since we moved into the new office. It is this year, since June 30.

By Mr. Stockton:

Q. I suppose you kept letter books up to September?
A. No, we kept carbon copies of our letter—carbon copies on the type writer.
Q. And they have gone with the rest?
A. All that old stuff went with the rest.
Q. Then you did not keep letter books prior to September, 1905?
A. No.

By Mr. Maclean (Lunenburg):

Q. The statement was made the other day that about all the business you did was with the Dominion government, that you were here only to do business with this government?
A. I understand that some one made that statement?
Q. Do you do any business with anybody else?
A. With the railway companies of Canada.
Q. How much has that amounted to in this same period of time?
A. In this same period, about two and a half millions.

By Mr. Sproule:

Q. How much does the business you did with the government amount to in the same time?
A. It is all in the Auditor General's Report.
Q. I am asking the witness?
A. We figured it up, and I think it amounts to about $200,000 in three years.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
WEDNESDAY, June 27, 1906.

The Select Standing Committee of the House of Commons on Public Accounts met this day at 10 o'clock, a.m., Mr. Geoffrion in the chair, and proceeded to the further consideration of the accounts of Geo. T. Merwin, as set out at P—22, 32, 57, 98, 101, 105 and 140, and F. L. Brooks & Co., as set out at P—55 and 97, of the Report of the Auditor General for the fiscal year ended June 30, 1905.

Mr. GEORGE T. MERWIN, recalled.

By Mr. Northrup:

Q. You are already under oath?
A. Yes.
Q. This is a continuation of your former examination.
A. Yes.
Q. When you were last here, Mr. Merwin, you declined to answer certain questions as to the prices paid for certain goods?
A. Yes.

Q. Subsequently you telegraphed the committee that you would be willing to answer questions?

A. To the best of my knowledge.

Q. Have you any of your invoices with you?

A. No, sir.

Q. Since last you were here have you taken any steps to find those invoices?

A. I went to the former office of the Brooks Company and they are not there.

Q. Is that all you did?

A. That was all I could do.

Q. In your former examination you told us you thought a number of papers had been sent to New York?

A. Well, the Safety Company's business is all in New York.

Q. You have none of the Brooks Company's papers?

A. None.

Q. You have no more invoices now than you had on the last day you were here?

A. No.

Q. Have you looked up your cheques to see what amounts you paid?

A. No, I did not look them up.

Q. You did not look up the cheques?

A. No.

Q. Did you look up your ledger to see if any light would be thrown upon the subject by the entries there?

A. There were no entries there to throw light upon this machinery business; our ledger was started after that, and the old ledger was thrown into waste.

Q. Every account in that was supposed to be squared when you moved into the new office?

A. It was.

Q. You quite remember, I suppose, a good many of the firms from whom you bought these large pieces of machinery?

A. Most of them were bought from Williams & Wilson.

Q. Did you apply to them for duplicate invoices?

A. I asked Mr. Brooks to do that.

Q. Where is he?

A. He is in New York.

Q. But you live in Montreal.

A. He is in Montreal frequently.

Q. You live in Montreal?

A. Yes.

Q. And he lives in New York?

A. Yes.

Q. And although he lives in New York and you live in Montreal, you asked him to get those duplicate invoices?

A. Yes.

Q. You, yourself, did not make any attempt to do so?

A. No.

Q. When did you ask Mr. Brooks, by the way?

A. I asked him when I wrote to him, and also when I was in there.

Q. You asked him by letter?

A. Yes.

Q. And also personally in New York?

A. Yes.

Q. But you did not ask Williams and Wilson when you were in Montreal?

A. Mr. Brooks does not think it is business policy to do that.

Q. I think in your former examination you gave his address in New York?

A. I gave it to you, and you wrote it down.

Q. Have you that telegram received from New York in connection with Mr. Merwin, Mr. Howe?

(Telegram produced by the clerk of the committee).

Q. What is the address of the F. L. Brook's Company in New York?

A. 138th street and Third avenue.

Q. The business address?

A. The business address of the F. L. Brooks Company is the Sovereign Bank Building.

Q. I mean in New York?

A. 138th street and Third avenue.

Q. I find here a '1,000-gallon Underwriter's pump complete.'

Q. Do you remember purchasing that?

A. It was purchased by F. L. Brooks and Company.

Q. A 1,000-gallon Underwriter's pump complete, page 55—P, of the Auditor General's Report, that would be a Worthington pump, I suppose?

A. Yes, a Worthington Underwriter's pump.

Q. From whom was that purchased?

A. From Williams and Wilson.

Q. Of Montreal?

A. Yes.

Q. What price did you pay for that?

A. I have no recollection of what was paid.

Q. And you have taken no steps to ascertain?

A. No.

Q. 'Two Jones underfeed stokers, complete, with engine and fan and boiler fronts in position for service.' Do you remember from whom you purchased them?

A. They were purchased from Williams and Wilson.

Q. How much was paid for them by you?

A. I cannot recollect, Mr. Brooks has some of this business in hand, and I do not know whether he purchased them, or negotiated personally, or not.

Q. The next item I find is 'one "G. & McC.,"' I suppose that is Goldie and McCulloch, 'return tubular steel boiler, 55 x 14, complete,' from whom was that purchased?

A. Williams and Wilson.

Q. How much was paid for it?

A. I could not tell you now.

Q. The next one I see is 'one Sturtevant engine, 7 x 7, vertical with automatic cut-off'?

A. Mr. Northrup, all that machinery was purchased from Williams and Wilson.

Q. All these items in this $16,000 account?

A. Well, now, probably you might call them off and if I can recall that there was anything that was not purchased from them I can tell you. But I am under the impression that they were all purchased from Williams and Wilson, and I thought we could save time going over every account.

By Mr. Bergeron:

Q. The Sturtevant automatic engine?

A. Yes.

By Mr. Northrup:

Q. Then there is 'one "Beatty" hoisting engine, three drums, double cylinders, complete'?

A. Yes, that was purchased from them.

Q. At the same time, I want to ask you what prices you paid for each one of these articles?

A. I have no recollection of any of those prices, as I say, one-half of our business was transacted by Mr. Brooks and some of it by myself, and some jointly.

Q. You have no recollection of the price you paid, and no entry in any book by which you can know it?

A. No.

Q. 'One fifteen-inch Hendey pillar shaper, with adjustable table'?

A. That is the same.

Q. 'Steel derrick per plan, with two blocks and 500 feet wire cable'?

A. The same.

Q. The next I see is on a different footing, it is British Columbia timber, you bought that?

A. Mr. Brooks negotiated for that.

Q. You know nothing about it?

A. No.

Q. The Sturtevant engine and the pump and the boiler, I understand you to say all these were bought from Williams and Wilson?

A. That is right.

By Mr. Brodeur:

Q. The engine, the boiler and the pumps?

A. Yes, that is right.

By Mr. Northrup:

Q. Do I understand that all of the machinery charged in this invoice by F. L. Brooks and Company was purchased from Williams and Wilson?

A. All you have called off there, yes.

Q. Then, there is here 'Hendey Norton lathe'?

A. That is right.

Q. Is that from Williams & Wilson, too?

A. Yes.

Q. Then, there are a lot of lens?

A. They were purchased abroad.

Q. $4,770, were they all lens?

A. Yes.

By Mr. Brodeur:

Q. Were they purchased through Williams & Wilson?

A. No, they were not, they were bought from Barbier, Bennard & Turrenne.

Q. The next we have is at P—97, 'advanced duplex pumps, two, fitted for hot water service.'

By Mr. Gervais:

Q. I understood that witness was to be recalled to make certain answers to questions which he was not disposed to answer at the time he was here before. Are we now to go all over the examination in chief which we went over before?

Mr. NORTHRUP.—I have not asked anything beyond that, I have not asked anything outside of that so far.

Q. All I am asking is from whom did you buy these pumps?

A. I believe they were purchased from Darling Bros., Montreal.

Q. Do you remember what you paid for them?

A. I could not recollect it now.

Q. The next is 6 x 4 x 6 advanced duplex pumps?

A. That is the same thing, is it not? That is to say, is it not the same kind of pump?

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Q. Two advance pumps; now, the first one I read you the invoice for is dated March 6, and the price is $160; the next is two 6 x 4 x 6 advance duplex pumps; that is February 27, and the price is $140.

A. They must have been purchased in the same place.

Q. Would they be the same kind or what would account for the difference in the price?

A. Well, now, one, as I understood it, as you read those invoices, to the best of my recollection some of them were fitted for hot water service.

Q. That is mentioned in regard to the one invoice that is not mentioned in regard to the other?

A. Probably you had better get some expert machinery man to give you an opinion about it. I do not know why the difference in the price is there.

Q. But you think that they were bought from the same firm and you do not remember the price?

A. No.

Q. 6 x 4 x 6 advance duplex pump again, $140?

A. That must be the same thing.

Q. And as to that, it was bought from the same firm?

A. Yes, it must have been.

Q. The next is '60 barrels cement at $2.50 per barrel, 425 pure manilla rope, and some hose and three standard pressure gauges?

A. Mr. Brooks purchased that stuff; I do not know anything about it.

Q. The next is 'one standard 7 x 10 cylindrical D drum, contractor's hoist with boiler, and one No. 2 slinging gear complete'; do you know from whom that was bought?

A. I will not be sure; it may have been purchased from Williams & Wilson. It is machinery and I know the firm got most of their machinery from there.

Q. The next is a lot of British Columbia fir, of various sizes?

A. Mr. Brooks procured that lumber himself.

Q. One Goldie & McCulloch return tubular boiler 55 x 14 complete'?

A. From Williams & Wilson.

Q. Do you remember the price?

A. No, I do not.

Q. 'One Goldie & McCulloch,' G. & Mc., I suppose that is Goldie & McCulloch, 'patternmaker's lathe 30 x 12 inches?

A. I think from Williams & Wilson; I think we got all that machinery there.

Q. One 36 Goldie & McCulloch band saw?

A. Yes, the same thing.

Q. As I go along, I need not ask you the price; if you remember the price for any one article you might say so?

A. All right.

Q. The next is '24-inch pony planer complete with countershaft'?

A. Williams & Wilson.

Q. A 'single barrel steam capstand'?

A. I guess that is Williams & Wilson.

Q. 'One 10½ barrel double cylinder, 5-in. x 7-in.'?

A. Williams & Wilson, I am almost sure it was.

Q. 'One upright automatic Sturtevant engine, 6 x 6?

A. Yes.

Q. One vertical tubular boiler complete, with 20 feet smokestack, umbrella top'?

A. Williams & Wilson.

Q. You think these Jones underfeed stokers were also bought from Williams & Wilson?

A. Yes.

Q. There is a lot of optical apparatus, the third order, lanterns as per specification for Cape Norman, $9,410; from whom did these come?

A. That came from the French firm, Babeau, Bernard & Turenne.

Q. How were they purchased; were they purchased by you for the government?

A. Purchased by F. L. Brooks & Company; they represent that firm in Montreal; they are the Canadian agents.

Q. Brooks & Company represent the firm?

A. Sure.

Q. Were they selling for the firm or acting as middlemen in that case?

A. I was acting for the firm.

Q. That is for the firm in France?

A. Yes, Brooks & Company; they are paid a stipulated sum yearly for representing that firm here.

Q. Do you happen to know whether that purchase was really received in this country?

A. Yes, I do.

Q. Where was it entered.

A. In Montreal.

Q. Do you know about what time?

A. I cannot recollect about what time it was entered; they were shipped to Prescott and delivered there.

Q. You are sure about that?

A. Yes.

Q. You are clear that is right that they were shipped to Prescott?

A. Yes.

Q. You remember that yourself?

A. Yes.

Q. I will describe this third order for optical apparatus with lantern—did you know that was for Cape Norman?

A. That is the name of the light they gave me in the order. I do not know whether it is Cape Norman or not.

Q. Do you know where Cape Norman is?

A. Yes, I have a good idea that it is upon the Atlantic coast somewhere.

Q. And all of these were shipped to Montreal; they were entered at Montreal and were sent up to Prescott?

A. Yes.

Q. I am not quite sure about these items on page 104, whether some of these items would not be covered by some of the invoices we have already had, for example, the first one is a Flather planer, 36 x 22?

A. That was from Williams & Wilson.

Q. And a Hendley-Norton engine lathe?

A. Yes.

Q. A Saunders pipe-cutting and threading machine?

A. Yes.

Q. That was from Williams & Wilson?

A. Yes.

Q. A Garvin capping machine?

A. Yes.

Q. A Niles vertical drilling machine, a Beament vertical drilling machine, a Niles turret lathe, and a Sturtevant upright engine, 7 x 7?

A. Yes.

Q. Do you remember the price of any of those?

A. No, I do not.

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Q. Then, on page 105—P there is an item for Bitumastic solution, 200 gallons; where did you get that from?

A. That is a compound; I imagine we purchased that from Williams & Wilson.

Q. You do not remember the price of it?

A. No, I do not.

Q. One 20-ton travelling crane complete, per proposal?

A. That was built, I think, by the Dominion Bridge Company, but I think we purchased through Williams & Wilson. I think they had it built and inspected it for us and reported on it. I believe it was the Williams & Wilson Company, but I will not be positive about that.

Q. I see at page 167 there is one complete acetylene compressing plant?

A. That is Mr. Brooks, he arranged for that. It was a complete plant; they had compressors, boiler, and a very fine apparatus in there, and it was furnished to the scow.

Q. The government bought that?

A. The Brooks Company purchased it, they assembled it, and put it together, I believe.

Q. From whom did they purchase it?

A. I do not know. Mr. Brooks bought some of the stuff in Ottawa, I believe, but I will not be positive about it.

Q. I understand they bought it from different parties?

A. Yes, they had to.

Q. From different parties?

A. Yes.

Q. And you do not know from whom?

A. No, I do not.

Q. You do not know the prices.

A. No.

Q. Why did you object the last time you were here to answer questions about the prices?

A. I do not think it is just or right to disclose the cost price.

Q. Why should you object to do that the other day when you did not know the prices of a single article?

A. Well, I did not really know it, but of course I thought I could find them out maybe. If I knew as much then as I do now, I might have found them out.

Q. At the time you objected you could have said, 'I do not know'?

A. Probably I ought to have said that——

Q. You could have found out these prices if you had tried?

A. No, I do not think I could; I tried to get Mr. Brooks, who is the senior member of the firm, and it is to him I have to look in things of this kind, and he has serious objections to it.

Q. You are under the control of Mr. Brooks, and he objects to your giving the information?

A. Yes.

Q. And therefore you are not going to give us any?

A. I cannot give you what I have not got.

Q. You are the representative in Canada during this time?

A. Mr. Brooks is here a great deal of the time.

Q. You are here all the time?

A. Yes.

Q. You are a resident of Canada?

A. Yes, with the exception of about one week in the month.

Q. In getting orders for all these goods, I have read who gave you these orders.

A. They came from the department—from Col. Gourdeau or Mr. Fraser.

Q. Can you tell, which it was?

A. No, I could not unless I saw the order.

Q. Did they always come by letter?

A. Always.

Q. Have you the letters?

A. I know very little of them; they ought to be on file in the department, the government's copy ought to be.

Q. How were the prices fixed as between you and the department?

A. In many cases we were asked what they would cost, and we told them.

Q. You received letters of inquiry and you told them?

A. Yes, they would write and ask, us what the goods would cost, and we told them, and then they would write a letter ordering the goods.

Q. There were no personal interviews to fix the price, or was it all by letter?

A. Not to fix prices.

Q. There was nothing done towards fixing the prices other than by correspondence?

A. Yes.

By Mr. Macdonald :

Q. When you gave evidence here before there was some discussion about the prices paid for the purchase of goods by you, and the question was asked you relative to your refusal to give information in the following language:—

It was asked by myself, I notice it recorded here in the evidence: 'Mr. Merwin, are you able to recollect of your own knowledge, without reference to documents, the prices you paid for any of these goods?' And you said, 'No, I cannot. That is your position now, is it?

A. It is my position.

Q. It is your position now?

A. It is.

Q. I also followed it up by asking you: 'Does that apply to the purchases we were referring to a moment ago,' and you said 'Yes.' Are we to understand that your position in regard to this matter is this, that previously when the members of the committee asked you in regard to these maters that you took that position as a matter of business practice, it was looked upon as unreasonable for the committee to ask you this question?

A. Yes, sir.

Q. That is the position you take?

A. That was the position I took then, it is the position I take now.

Q. But, at the same time, as far as your actual knowledge as to the specific price paid for the goods, you have no reason other than that, for refusing to give the information?

A. No; it is a hard thing to keep all these things in your head; I have no recollection of it myself, if you do not have the handling of it.

Q. That was your position then, and I think it is your position now?

By Mr. Roche (Halifax):

Q. Do you know, from memory, whether in all these years sometimes the department would require machinery to be furnished immediately without any notice?

A. Some of them were required that way, I cannot tell you which it was, but I recall that very often they ask us to hurry.

By Mr. Northrup :

Q. Why then did you send this telegram to the committee :

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'MONTREAL, May 28, 1906.

'Mr. BELCOURT,
'Chairman of Public Accounts,
'House of Commons, Ottawa.

'I see by the Montreal papers that Mr. Northrup is going to move that I be forced to disclose the cost prices of goods I sold to the government in connection with the firm of F. L. Brooks & Co. I protest against this, because it is forcing me to disclose my private affairs; but, as I do not care to have my name dragged uselessly before the public any longer, I am willing to go before the committee again and state to the best of my knowledge the prices that were paid by the above mentioned firm for the articles in question. I have wired Mr. Northrup to this effect. In connection with this, I would say that I am writing to-day to Mr. F. L. Brooks, of New York, requesting him to come here and appear before you with me. In event of his not being unable to do so, I will appear alone; but, in order that I may get his views on the subject, I would ask that you arrange to defer my appearance before the committee until Wednesday of next week.

(Sgd.) GEO. T. MERWIN.

Why did you telegraph this committee bothering us trying a half a dozen times to sumon you; you say I am willing to come before the committee and give information to the best of my knowledge, when you had not any knowledge of the prices?

A. 'To the best of my knowledge.' The knowledge I had then was very little, but I expected to get it; I said I was going to see Mr. Brooks, and I expected to be able to get some knowledge from him.

Q. When you sent that telegram?

A. I fully expected to be able to give you some information when I came.

Q. You intended to try and get some information?

A. I did try to get Mr. Brooks to agree to do it.

Q. It was in consequence of seeing Mr. Brooks and having him instruct you not to give information, that you did not get it?

A. He would not give it to me, or agree to let me get it.

Q. You could have got it from Messrs. Williams & Wilson?

A. I do not know; I do not know whether Williams & Wilson would agree to that without first getting Mr. Brook's consent. You must realize that if I were to go and ask for information such as this they would have to consider before they gave it.

Q. Do you mean to say that if you asked Williams & Wilson for that information they would refuse?

A. Well, under the circumstances they would know what I wanted the information for.

Q. Do you think they would refuse to give it when you asked for it.

A. I think they would if they knew Mr. Brooks objected.

By Mr. Brodeur :

Q. Have you seen Mr. Brooks?

A. Yes, I have; I have written to him and I have seen him personally.

Q. Yes, and it was during your trip to New York that you asked him?

A. Yes.

By Mr. Foster:

Q. Did you tell Mr. Brooks that you were summoned by the committee?

A. I did, and went all over the situation with him.

Q. Had he cognizance of the letter or telegram, which you had written on May 28, that has just been read?

A. Yes.

Q. He had cognizance of that?

A. He did, yes.

Q. And you asked him if he would be willing for you to get this information and come before this committee?

A. I did.

Q And he categorically refused?

A. He did.

Q. Absolutely?

A. Absolutely.

Q. And you yourself, although a member of the firm did not absolutely know in the case of any of these articles that have been brought to your attention, what was paid for them?

A. No.

Q. It is not in your memory?

A. It is not in my memory at all.

Q. And besides that Mr. Brooks objected to your giving this information, did any one else object?

A. No one else.

Q. No one else objected?

A. No one else.

Q. No one else advised that you should not give the information?

A. No, it was not necessary to ask advice in a case of that kind.

Q. Mr. Brooks put his foot down?

A. Yes.

Q. He absolutely refused?

A. He absolutely refused to permit me.

Q. To give any information, and he would not give you any information?

A. Yes.

Witness retired.

Mr. WILLIAM ARTHUR WILSON, called and sworn, and examined

By Mr. Northrup :

Q. Are you connected with the firm of Williams & Wilson, Montreal?

A. Yes.

Q. What have you to do with that firm?

A. At present I am the acting manager, in absence of my brother who is the active partner.

Q. What is the price you are charging now for a 1,000 gallon underwriters' pump?

A. I know what our books show.

Q. What is the price you are chartering now for a 1,000 gallon underwriters' pump?

A. I cannot say that without reference to the price lists and discounts, you know. I could not give you any general information without reference to the catalogues.

Q. Did this committee ask you to bring any papers, invoices or books relating to the sale of a Worthington pump to the government in 1904?

A. Yes, it was sold to F. L. Brooks & Co. or G. T. Merwin, I think, originally.

Q. Have you anything with you to show the price of that pump?

A. The price that we sold to F. L. Brooks & Co.?

Q. Yes.

A. No.

Q. Have you any documents with you?

A. I have none on my person now.

Q. Did you bring any to Ottawa?

A. I did.

Q. Where are they?

A. At my hotel.

Q. When you brought them to Ottawa, why did you not bring them here.

A. Because I did not feel justified in producing them.

Q. You thought you were justified in bringing them to Ottawa?

A. Yes.

Q. On whose advice have you decided not to produce them?

A. On the advice of my own understanding, without any reference to any one else, except the conversation with Mr. Merwin last evening.

Q. And relying on that conversation, and your own decision, you refuse to produce those books?

A. Decidedly.

Q. What are those papers you refuse to produce?

A. The original invoices, that is, the duplicates of the original invoices and a loose leaf ledger of F. L. Brooks & Co., the folios of F. L. Brooks & Co.

Q. Would these, if produced, show the prices charged to F. L. Brooks & Co. for machinery sold by you to the company?

A. They would.

Q. You refuse to produce them.

A. I refuse to produce them.

Q. Have you a copy of the subpœna with you.

A. The copy is with the clerk.

(Copy produced.)

Q. You were subpœnaed to give evidence relating to the price paid by F. L. Brooks & Co. or G. T. Merwin, for the purchase of a Sturtevant engine, and all other articles purchased for the fiscal year ending June 30, 1905—now I ask you, Mr. Wilson, to produce the papers, the invoices, the extracts from your books that you have just referred to?

A. You ask me to produce them?

Q. I ask you to produce them just now?

A. I refuse on grounds I am prepared to state.

Q. State them?

A. The grounds of my refusal are that that question is an improper one—that no examiner should ask a witness a question—one which a business man with any sense of honour would decline to answer.

Q. When did you first arrive at that conclusion?

A. As soon as that telegram from the clerk was received by me, a week ago to-morrow.

Q. Although you were arrived at that conclusion a week ago you brought all those papers to Ottawa with you.

A. Yes.

Q. And they are in your hotel now?

A. Yes, and I will tell you the reason why, if you want to know. The reason was that I did not expect that any gentleman sitting on this committee would ask that question unless he had the consent, or knew that I had the consent, of my customer to disclose the prices.

Q. That is all very interesting, but I do not think that we sent to Montreal for you to come and teach this committee ethics?

A. I do not think so either.

By Mr. Foster :

Q. You had a conversation with Mr. Merwin last night?

A. Yes.

Q. What was that conversation?

A. I asked Mr. Merwin if he had any objection to my producing those documents?

Q. What was his reply?

A. That after consultation with Mr. Brooks, Mr. Brooks did not want the prices given.

Q. Now, if Mr. Merwin had raised no objection to your giving the prices, what would have been your action?

A. To produce my papers with a free hand; I have nothing whatever to keep back. In fact, I might add, I would be better pleased, far better pleased, to give them, because the transaction was simply one in the ordinary course of business, and I would be more than pleased to produce the documents.

Q. That is, there is no objection by you from a business point of view?

A. None whatever.

Q. It would not hurt your business?

A. Not at all.

Q. It was a straight transaction on your part?

A. Yes.

Q. You have nothing to conceal?

A. Nothing whatever.

Q. But in deference to the expressed wishes of your customer you refuse to give that answer?

A. Exactly, and I expect that my reasons will appeal to any business man, or any man of honour in this room. I do not see that I can do anything different, and I do not see that any one can advise me to do it.

By Mr. Macdonald :

Q. I understand you to say that you are the manager of the firm of Williams & Wilson?

A. I am the acting manager at present.

Q. Who is the manager of the firm of Williams & Wilson?

A. My brother, F. C. Wilson.

Q. Did you personally have anything to do with the sale of these goods?

A. None whatever.

Q. Do you know anything yourself as to the facts connected with the sale?

A. Nothing, except in a superficial way that there was business done. I made no sales to Mr. Merwin or Mr. F. L. Brooks personally.

Q. You made no sales personally?

A. No.

Q. You have no personal knowledge of anything in connection with these transactions other than what you have obtained from a perusal of your books and a general knowledge that some sales were made?

A. Yes, and seeing him around our office, that is all.

Q. I presume that your brother, the manager, was the one who had to do with it much more than you?

A. Well, my brother does not do very much in the selling line; we have a number of travellers, salesmen, who look after that.

Q. I notice that this summons is directed to Messrs. Williams & Wilson, Montreal. You bear no responsibility to them?

A. If you will read a little more closely, it is directed to the person who is the proper person to give the information.

Q. And you came as a member of the firm?

A. Well, I came as the representative of the firm, because I was the acting man-

ager at the time that the summons came.

Q. And for the time being the custodian of the books of the company?

A. Yes.

Q. This speaks about goods supplied to the government, did you supply any goods to the government?

A. Well, we have supplied goods to the government from time to time, but the summons speaks of goods supplied to F. L. Brooks.

Q. Your business relation, with regard to these pumps and Sturtevant engine, were with Brooks & Company directly, and not with the government?

A. Oh, yes.

Q. You did not recognize the government in connection with the transaction?

A. No, we have nothing whatever to do with the government.

Q. That is in regard to these transactions?

A. No.

By Mr. Gervais :

Q. You had no knowledege that these goods were for the government?

A. Personally, I would not have any knowledge. I would not say that some salesman did not know, or thought they did, but I did not know.

Q. Personally you have no knowledge that it was for the government?

A. I did not; I suppose I knew that the thing was going through, but I would only see it in the ordinary course of business.

By Mr. Macdonald :

Q. You cannot tell us either whether there was more than one Sturtevant engine sold in the year 1904-5 to F. L. Brooks & Company or to Mr. Merwin, can you?

A. No, I could not tell you without referring to the ledger and the invoices.

Q. You cannot tell; they may have purchased two or three?

A. Well, the ledger and the invoices would show, but I do not know. I could not say because I did not recollect.

Q. So that any paper that you have, so far as you know as to its contents is nothing more or less than a statement of your account with Brooks & Company and Merwin?

A. That is all.

Q. You do not know whether it relates to any item, or that it relates to any particular article that was re-sold by them to the government or not.

A. I do not know. I have no personal knowledge that any of the goods we delivered to Brooks were for the government, none whatever.

Q. What you have down there is simply the original of invoices of certain goods supplied to that firm during that year?

A. Yes.

Q. Indiscriminately?

A. Indiscriminately, the whole thing. That is what the summons calls for and that it what I produce.

Q. No, the summons calls for you to give evidence relating to the prices paid you by F. L. Brooks & Co. or by Merwin for an upright, automatic Sturtevant engine, and all other goods supplied the Government through the said firm during the fiscal year ending 30th June, 1905.

A. Yes—well, it is carelessly drawn, or rather perhaps I should not say that. There is nothing in there to indicate to my mind, to differentiate any of the different items.

Q. As a matter of fact, you have not got in your possession at this moment any statement from your firm of any goods supplied the government by that firm?

A. Oh, no.

Q. The only statement you say you have is your ordinary ledger account with Brooks that year?

A. Yes, and the duplicate invoices.

Q. For that year?

A. Yes.

Q. Do I understand that your attitude in regard to this matter is one which is taken on account of the fact that it is alleged that certain goods were supplied to the Government, or is it an attitude which you would take as a business man, no matter to whom the goods were supplied?

A. My attitude is that any one that asks me the price of an article that I supplied to any one, no matter who he is, asks an impertinent question, and one that I will not answer on account of its impertinence.

Q. I wanted to understand whether this attitude was one taken on account of the fact that this matter was the subject of government investigation.

A. Not at all. It does not make a bit of difference, not a particle. I haven't any reason to block the government or block the opposition or anything else. I don't care.

Q. Do I understand you to say that it is a principle of business?

A. Certainly.

Q. A principle of business that the price quoted or the price paid by a customer is a matter to be kept secret from the public?

A. So well known that it does not require to be stated, one would think.

Q. Well, now, I wanted to get clearly where we stood. What you have in your possession is your ledger account, I presume, and the duplicate invoices of goods of all kinds supplied this firm in that year.

A. Yes.

Q. You don't know whether any of these goods were supplied the government or not. What you were asked to produce was for goods supplied the government through these people.

A. I do not know whether they were or not. Personally I have no knowledge.

Q. And you have no personal knowledge about any particular article in this list?

A. No, I have no personal knowledge other than looking over the invoices.

Q. Generally, you know that that firm was dealing with your people?

A. Yes.

By Mr. Foster:

Q. Notwithstanding all you have said, and after all you have said, you are perfectly willing to give this information to the Committee and would have been willing to give it if Merwin had not objected.

A. Certainly.

Q. These articles, like Jones underfeed stoker, and the boilers—tubular boilers—they are stock articles, are they not; they are standard articles?

A. Well——

Q. In that way?

A. Stokers, I believe, are. Of course, if I remember—my recollection is that one of these was installed. I fancy they were stock articles.

Q. These are made in what part of Canada?

A. Boilers by Goldie & McCulloch.

Q. They are well-known makers of these?

A. Yes, the leading firm in Canada.

Q. And the stokers——

A. Jones underfeed stoker.

Q. They are made at Brantford, are they not?

A. I cannot say offhand; I am not sure. They had a representative in Montreal, I know, but I do not think they manufacture there.

Q. You do not make these yourself?
A. Oh, no.

By Mr. Northrup:

Q. Leaving Merwin and Brooks out of the question, what were the ordinary selling prices to the public of a 1,000 gallon underwriters pump in 1904?
A. I cannot say.
Q. No idea?
A. No.
Q. Do you know about what it was?
A. No.
Q. What is the selling price to-day?
A. I cannot say. I could get the information and supply it.

By Mr. Brodeur:

Q. Have you got it amongst your papers?
A. No, I have no catalogues here.
Q. Could you tell about the price?
A. No.

By Mr. Northrup:

Q. In case we might want to buy one.
A. I would be pleased to supply it.
Q. You will let me have the price?
A. Yes.
Q. About the Jones underfeed stoker, about what price are they sold at, speaking generally?
A. I cannot say?
Q. Can you let me have that price, the general price?
A. I should think probably it would be better to ask the Jones stoker people, because they might be charging us an exorbitant figure?
Q. We have sent for them, but if they object like yourself?
A. They would be able to give you the market price; they have their catalogues.
Q. What about a tubular steel boiler, 55 inches x 14 feet, Goldie & McCulloch, have you any idea of the cost of that?
A. No, that is out of my department. I have not been with the firm very long, and I am not a practical man in the sense of——
Q. Then you could get the ordinary selling price?
A. Oh, yes, I could get the ordinary selling price.
Q. Is there anybody in your firm in this country at present that would know all these selling prices?
A. Ordinary selling prices?
Q. Yes—who would know what they were in the year 1904?
A. Well, the prices vary so. You know it would have to be a matter of research.
Q. That is the reason I am asking—1904?
A. We have probably five or ten salesmen who are very well posted as to prices.
Q. Is there any one in your employ whose name you could give?
A. We have probably five or ten salesmen who could, on a matter of research, find out the prices that were current at that time.
Q. Give me one or two names, please?
A. The names of our own salesmen?
Q. Yes?

By Mr. Brodeur:

Q. Can you not state that yourself? Is it possible that as acting manager you cannot state that?

A. State what ?

Q. The prices ?

A. I cannot state that.

By Mr. Macdonald :

Q. You cannot recollect.

A. I do not know. If I were to carry the prices of anywhere from one thousand to two thousand catalogues in my head I would be a walking Daniel Webster.

By Mr. Northrup :

Q. Don't you think there are some papers in Ottawa that you could see and refresh your memory, and tell us the ordinary selling prices in 1904?

A. I do not know where you could get a catalogue library.

Q. Just down in your room you could get the information.

A. All you will find there are the duplicate invoices and the original loose leaf ledger folio of F. L. Broooks & Co.

Q. I don't suppose that your company overcharged Merwin or Brooks.

A. We don't overcharge him or anybody else.

Q. If you looked up this you might refresh your memory so that you would be able to tell us this afternoon the ordinary selling price of these articles in 1904?

A. No, I could not do that without consulting the catalogue and the prices and discount sheets of that year.

Q. I suppose you have catalogues in your office for 1904.

A. Of course we might have catalogues of that year—our catalogues are brought up to date all the time.

Q. I want the prices for 1904. Can't you find us your catalogue or get the information to show the ordinary selling price of these goods in 1904? On your oath, can you not do that?

A. I have told you that I could as a matter of research, I could give the prices of these articles in that year.

By Mr. Brodeur :

Q. Have you got your catalogues here?

A. I have no catalogues here?

Q. I mean a catalogue of 1904-5. Can you not file a catalogue here?

A. Well, you understand the catalogues in our business—I suppose we have probably 2,000 or 3,000 different catalogues.

Q. I mean in connection with these goods?

A. I could get catalogues probably for that year and file them.

By Mr. Northrup :

Q. Supposing you did produce them, would they really show the price at which you were selling goods, or is there not an enormous discount on everything?

A. No, it will show the list price.

Q. Take any of your catalogues, it would not show the price at which the goods would be sold at that time with the discount.

A. Some of them would and some of them would not.

Q. If you had these catalogues with the discount, could you tell what the ordinary selling price to the public was?

A. It would be a matter of research.

By Mr. Foster :

Q. Whose research? Could you do that—you could find it?

A. I could find out the current prices, I presume. It is not so far back, you know.

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By Mr. Northrup :

Q. Could you give us the information, leaving Brooks and Merwin out of the case altogether, the information of what you were selling the Jones underfeed stoker and these tubular boilers and all these pieces of machinery, for the year 1904?

A. I could give you an approximate figure.

Q. But will you do that?

A. Well, I do not know that. That is not what I was asked to come here for.

Q. You did not give us what you were asked.

By Mr. Stockton :

Q. You are asked now.

A. I have not got it now.

By Mr. Northrup :

Q. You are asked to get it. This is something you can do and are not bound by any rules of honour.

A. I would be very pleased to do it as soon as I can get it.

Q. Can you have it for us on Friday?

By the Chairman :

Q. Can you send it over?

A. I can send catalogues.

Mr. NORTHRUP.—That will not do, because we want his verbal explanation of the discounts.

By Mr. Macdonald :

Q. I suppose catalogue prices in any large manufactory do not indicate the invariable selling price?

A. No, it does not. It will be a matter, in any event, in a good many cases, where I would have to consult with the manufacturers themselves, because we do not keep any record of the prices from time to time. For instance, we would have no record of the price sheets and discounts for 1904 on our files at present. We have curent prices and discount.

By Mr. Stockton :

Q. I presume you have records of the sales?

A. Yes.

Q. That would be the best index as to prices.

A. That would be some index.

By Mr. Macdonald :

Q. I suppose prices vary in different parts of the country?

A. The price varies from month to month, for instance.

By Mr. Northrup :

Q. You have books showing the dates of the Brooks sale. Take the date shown at which certain articles were sold to the Brooks people. We want to know your ordinary selling price to the public. If Brooks or Merwin got a particular advantage we are not concerned in that.

A. I think this is only a move of getting around my objection.

By Mr. Stockton :

Q. That is not your objection?

A. It is my business to protect my customers.

By Mr. Northrup :

Q. Supposing an employer had a dishonest clerk and that man had a mind to go and dishonestly buy certain goods, and turned them over to his employer, and the employer came to you and said, 'This man is robbing you, charging you $2,000 more than he should.' Why would you think you would be bound by honour to protect him?

A. If I knew he was a thief I would be *particeps criminis.*

Q. When really he only paid you $1,000, would you protect him if you believed the employee was honest?

A. Certainly.

Q. You are not always bound to stand by the man who buys from you.

A. Not bound to stand or fall.

Mr. MACDONALD.—Objected to the question.

By Mr. Northrup :

Q. How far have we got as to this? Then in 1904 when you sold goods to Brooks & Co.?

A. I think you could get the prices from the manufacturers better than from me.

Q. I am asking if from your books we can find what your firm were selling goods to the public for in 1904, what everybody else could go and get.

A. I would not answer that question.

Q. Can you ascertain that in your office?

A. I could ascertain what we sold to Brooks. I will state this much, that the prices at which we sold to Brooks were the same as we would make to an ordinary customer.

Q. That does not help us unless we know the prices. I am asking if from your books, looking at the selling list, you could find out and tell us the price your firm sold at to the ordinary public?

A. No, I say I can do that, but I will not.

Q. What is your full name?

A. William Arthur. I object to doing that on the same ground as stated, because it is only evading the original issue.

By Mr. Foster:

Q. Does Merwin wish you to protect him not only in the sales to him but in the sales made during the period in which he was making his purchases?

A. I do not understand the question.

Q. He objected to your giving prices at which you sold to him?

A. I said that Merwin told me that Brooks had objections.

Q. Did Merwin at the same time contemplate a contingency like you say has arisen, and caution you against giving prices generally to the outside public?

A. No, the question did not arise.

Q. There is no objection on the part of your customer with reference to the general prices?

A. So far as this is concerned, it is only because I think it is merely evading the question, it is only another way of putting it.

Q. And you, in refusing to answer this question, are simply carrying out your arrangement with Merwin not to disclose his prices, or allowing them to be disclosed?

A. I made not arrangement with him.

Q. You had a conversation with him?

A. Yes, in which he——

Q. In which he made objection?

A. In which he told me that Brooks did not want us to give—did not want the prices given. I do not know whether Brooks knew anything about my summons or not, but Brooks objected to the prices being disclosed. I considered that I was in hon-

our bound to protect my customer. And what would be the difference between saying that F. L. Brooks paid $500 for such an article or that the current price to the public on that particular date was $500, because I have given already evidence that the prices we charged them were current prices. It would be practically the same thing. I do not think it would be a fair question.

Q. By your admission that Brooks was charged the current price, if you then gave the current price you would give the price practically that you sold to Brooks for?

A. Yes, and this committee can get evidence all along the lines as to current prices at that time. They don't have to come to us for it.

By Mr. Brodeur:

Q. Are you the only one selling these things in Canada?

A. Oh, dear no.

By Mr. Foster:

Q. Do you say that we can go to the manufacturers and get their prices?

A. Yes, or jobbers.

Q. All we wanted to know was to get at what your price is, because you said rather brusquely that——

A. I thank you for mentioning it. I did not intend to be brusque in any way, but I thought the examiner trying to get around my objection.

By the Chairman:

Q. Do I understand you to say that you have catalogues for that year, old catalogues?

A. We have no firm catalogues.

Q. No catalogues from your firm?

A. No catalogues of our own that cover any of these tools.

Q. Because there would be no difference at all between getting from your books the current selling price at that time and giving the catalogue for that year?

A. Yes.

Q. That would be the very same thing whether you took it from your own books or produced catalogues for that year?

A. Yes.

Q. And you think you could not find any catalogues from your own firm?

A. We have never issued any catalogues from our own firm illustrating machine tools or boilers.

Q. Your catalogues would be from other firms?

A. From the manufacturers.

By Mr. Gervais:

Q. Your firm is doing the business of a commission agent?

A. We buy, we don't sell on commission. We buy and sell, buy outright and sell.

Witness retired.

Mr. G. T. MERWIN recalled.

By Mr. Brodeur:

Q. You have heard the evidence of Mr. Wilson, Mr. Merwin?

A. Yes.

Q. And you understand from that evidence that you have told him not to produce the invoices which he brought to Ottawa in connection with some sales made to Brooks & Co. Well, for my part, I would be very anxious that these things should be known.

Is it not possible that you should relieve Mr. Wilson from that prohibition and allow him to give these prices? I think it would be in the interest of everybody concerned?

Mr. NORTHRUP.—A very simple way is to censure him. I propose to move in the House that no more money be paid to them until they comply with the desires of the Committee.

Mr. FOSTER.—I hope Mr. Merwin will take the suggestion contained in the minister's words.

WITNESS.—Well, you see, gentlemen, Mr. Brooks instructed me—he told me 'You must not disclose these prices.' Now, when I knew that Mr. Wilson was able to do it if he wanted to, I told him Mr. Brooks' wishes.

By Mr. Brodeur :

Q. Well, can you not communicate by wire with Mr. Brooks and urge upon him the advisability of answering this question?

A. I will get him on the telephone this morning. If he agrees to do it, I will do it.

By Mr. Northrup :

A. Is this committee to be kept from day to day to please the wishes of Mr. Brooks ?

A. If I went now to the telephone I could probably get Mr. Brooks before noon. If I wait until noon I probably could not get him maybe until two o'clock.

Q. A good many suspect that Mr. Brooks is a first cousin to Mrs. Harris—there is no Mr. Brooks.

A. I will stake every cent I have got.

Witness retired.

Mr. A. R. GOLDIE, of Goldie & McCulloch, called and sworn, and examined

By Mr. Northrup :

Q. You are connected with the firm of Goldie & McCulloch, are you?

A. Yes.

Q. In what capacity?

A. Manager.

Q. Were you manager in 1904.

A. I was.

Q. Can you tell me at what price your company was selling a steel boiler 55 x 14 in July of 1904?

A. I think I can approximately.

Q. We will not stand on a few dollars more or less?

A. In July?

Q. Yes. It would be f.o.b. Brockville.

A. 55 x 14?

Q. Yes 55 x 14?

A. What thickness of shell?

Q. Similar to the one sold to Brooks & Co.?

A. $625.

Q. $625 free on board?

A. Free on board the cars at Galt.

Q. I suppose that would be the regular price your firm would be willing to sell the government at?

A. Yes.

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Q. Would there be any discount off that.
A. Terms three months or 2 per cent for thirty days.
Q. That is how much?
A. $625.
Q. I see a similar Goldie & McCulloch boiler of the same dimensions, 55 x 14, in the month of October 1904.
A. Yes, sir.
A. What figure would that be sold at at that time?
A. The same figure, as far as my recollection goes.
Q. And the same discount for cash?
A. Yes.
Q. What price would you charge for a Goldie & McCulloch patternmakers' lathe, 73 x 12?
A. I think that is a mistake. I think that was supplied by the McGregor, Gourlay Co.
Q. I also see a band saw?
A. We did not supply that. That is the McGregor, Gourlay Co.
Q Where is their place of business?
A. Galt.
Q. Did you supply any wood tools?
A. I do not think so.
Q. There are a number of articles described. I would like to ask you if they are yours?
A. I do not think we sold any wood tools of that description at all.
Q. Any automatic Sturtevant engines?
A. No.
Q. A vertical tubular boiler complete?
A. No.
Q. Do you know of any other articles supplied?
A. The two boilers are all that I know of personally.

By Mr. Gervais :

Q. Did you see those boilers yourself?
A. I did not. At least I have no recollection of having seen them; I may have seen them.
Q. You are not sure that these boilers were re-sold to the government?
A. I do not know anything about it.
Q. As a matter of fact, you have never sold one single boiler to this government?
A. I cannot say that, but my understanding of the two boilers which have been under discussion before this committee is that we did not sell them direct to the government.
Q. You did not sell them direct to the government?
A. That is my understanding.
Q. And you do not know if these two boilers have been resold to the government?
A. I have no personal knowledge.
Q. And you do not know what was the thickness of the shell of these two boilers in question?
A. It has not been bought here.
Q. Would you give us the price list of these boilers in relation to the thickness of the shell? You sold the boiler for $625 to whom?
A. We sold the boiler for $625 to Williams & Wilson, of Montreal.
Q. What was the thickness of the shell of these boilers?
A. To the best of my knowledge three-eighths of an inch thick and the head sheets were seven-sixteenths.

Q. And what are other prices for boilers according to the thickness of the shell?

A. Well that is what we call a high pressure boiler. This is a thick shell; this is our standard boiler.

Q. Is that the thickest shell boiler you have?

A. We can make them anything you want.

Q. But as a matter of fact you are not sure of the thickness of the shell of the boilers that were sold to Williams & Wilson, personally?

A. I did not measure them. Our quotation said three-eighths of an inch in the shell.

By Mr. Northrup:

Q. Tell us where these were shipped to?

A. F. L. Brooks & Co., Prescott.

By Mr. Gervais:

Q. Do you remember if there were specifications for the boilers purchased by Williams & Wilson?

A. They made inquiry and we sent them a specification for the first one.

Q. You have not those specifications with you?

A. I think we have a copy of it.

By Mr. Brodeur:.

Q. Were Williams & Wilson your agents in Montreal?

A. At that time Williams & Wilson were our agents to the extent that they bought from us and resold. We referred most of the inquirers there, although they were not our exclusive agents. We sold to them and they resold.

Q. If a Montreal gentleman would apply to you for a boiler you would refer him to Williams & Wilson?

A. We might or we might not. Our arrangement was open, whichever way we considered suited the circumstances best.

Q. So you do not know whether at that time you would have given instructions to somebody, or would have referred a request for prices to your agents in Montreal?

A. I think the chances are we would not, because in most cases Williams & Wilson got prices from us.

Q. $625 is the price at which you sold to Williams & Wilson?

A. Yes.

By Mr. Gervais:

Q. Were those boilers installed by your firm?

A. No, sir.

Q. Either one of them?

A. No, sir.

Q. Are you sure of that?

A. They were put f.o.b. on the cars according to our quotations. As I say, I have no personal knowledge that the thing stopped there.

Q. You do not know that the boilers have not been installed by Williams & Wilson?

A. I do not know anything about it.

By Mr. Brodeur:

Q. In regard to the boiler which was shipped from Williams & Wilson and sold for $625?

A. The first boiler?

Q. Was it entirely complete?

A. It was a boiler with what is known to the trade as standard fittings and suitable for Montreal inspection.

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Q. Did your invoice state that it was complete, or simply mention the fact that it was one boiler 55 x 14?

A. 'Number 1, steel boiler, 55 in. by 14 ft., fittings, &c.,' that is the way our invoice read.

Q. You have no objection to filing a copy of the invoice here?

A. I have a copy of t here. I think the original invoices were sent to Williams & Wilson.

Q. Will you file a copy of this invoice?

A. I have no objection. I have stated what is on it and I have no objection to file it.

By Mr. Taylor:

Q. Is that a copy of the original invoice?

A. Yes sir, that is one.

Q. And the second?

A. I have it here.

Q. File it please.

By Mr. Brodeur:

Q. Will you file these invoices?

A. If it is the wish of the Chairman, I have no objection.

Q. Have you any objection to file the specification?

A. I would not just like this out of my possession because it is the only copy we have of the specifications covering the transcation, and under the circumstances I would just as soon not do it.

EXHIBIT 1.

THE GOLDIE & McCULLOCH CO., LIMITED.

Galt, Ont., Nov. 29th, 1904.

Sold to Messrs. Williams & Wilson, Montreal, Que.

Terms: Net Cash, Galt.

Shipped Messrs. L. Brooks & Co.,
Prescott, Ont.

One Steel Horizontal Return Tubular Boiler 55" x 14" complete with all fittings. .$600.

COPY.

Paid, December 29, 1904.

EXHIBIT 2.

THE GOLDIE & McCULLOCH CO., LIMITED.

Galt, Ont., July 5th, 1904.

Sold to Messrs. Williams & Wilson,
326 St. James Street,
Montreal, Que.

Terms: 3 months 2 per cent, 30 days.

Shipped Messrs. F. L. Brooks & Co.
Prescott, Ont.

One Steel Boiler 55" x 14", fittings, &c. . . . . .$625.

COPY.

Paid, October 20, 1904.
Mr. A. R. GOLDIE.

By Mr. Stockton:

Q. You could send a copy?

A. I could send a copy.

By Mr. Taylor:

Q. One of these boilers was invoiced for $600 and the other for $625?

A. Yes.

Q. One in November and one in July.

By Mr. Brodeur:

Q. Had you any agreement with Williams & Wilson as to the price these boilers should be sold by them?

A. No, sir.

Q. They might have sold at any price they liked?

A. Yes, sir.

Q. Are they your sole agents now?

A. They are not our agents at all now.

Q. Since how long?

A. I cannot just recollect, sometime last fall.

Q. Although they purchase from you still do they?

A. We will sell to them, yes. I think they do most of their business through our agents there now.

Q. Who are your agents there now?

A. Ross and Greig.

By Mr. Northrup:

Q. Were Williams & Wilson your exclusive agents in 1904?

A. They were and they were not. We would not sell to any other dealer there but we could go in and sell to any purchaser. In other words they had not the exclusive control of our output from Montreal.

Q. If any person in Montreal wanted to buy any of your goods they could apply to you direct, and you were in a position to sell direct?

A. We were in a position to sell to them. We might have sold direct or referred them to Williams & Wilson, as we thought best.

Q. And you would have sold direct to the government if they had applied to you?

A. To the best of my knowledge we would.

Q. Have you an agent in Toronto?

A. No, sir.

Q. Have you in Ottawa?

A. No.

Q. From your own knowledge and personal experience can you say what the price of Worthington pumps was?

A. No, sir, I do not.

Q. Nor the Jones underfeed stokers?

A. No sir.

Q. That will do.

A. There is just one thing I want to say : The only people we knew in this transaction was Williams & Wilson. We sold the boilers to them, and until this investigation started we did not know where they went. They were sold to Brooks & Co.

By Mr. Northrup :

Q. At Prescott?

A. At Prescott, yes.

Witness was discharged.

APPENDIX No. 3

Mr. CHARLES LISTER called and sworn, and examined

By Mr. Northrup :

Q. You are connected with the Jones Underfeed Stoker Company?
A. No, the John McDougall Caledonia Iron Works.
Q. The Caledonia Iron Works?
A. Yes.
Q. Were you connected with that company in 1904?
A. Yes.
Q. Do you know of any goods sold by your company to Brooks & Co. that year.
A. No, sir.
Q. Were there none sold to the government through Brooks & Co.?
A. Not that I know of.
Q. Do you know of any sold to Williams & Wilson by your company?
A. Not that I know of.
Q. Not that you know of?
A. Not that I know of.
Q. Does your company sell the Jones underfeed stoker?
A. No, sir.
Q. Are your firm, the John McDougall Caledonia Iron Works, the agents in this country for the Worthington pump?
A. Yes, sir.
Q. At what price was a thousand-gallon underwriters' pump sold in the year 1904?
A. The subpœna served upon me only refers to 1905.
Q. This is August, 1904?
A. Was it 1904? Well, I did not look up 1904, because I understood you wanted information in regard to 1905. However, we were selling pumps, 18 x 10 x 12 inches to customers for $1,536.
Q. A thousand-gallon underwriter?
A. That is an 18 x 10 x 12 inches, is it?
Q. You sold for how much?
A. $1,536.
Q. How does that price compare with the price now?
A. In 1905 we sold that at $1,290.
Q. In 1905 the price was $1,290?
A. Yes.
Q. In 1904 you sold for $1,536?
A. $1,536.
Q. At what time?
A. I did not really look at the records connected with that. I understood the inquiry was with reference to 1905.
Q. But $1,530 would be the cost in 1904 apparently
A. Yes, but I did not look up the records for 1904.
Q. And $1,290 was the price at what time in 1905?
A. At any time during that year?
Q. What is the price at the present time
A. The present time we are selling at $1,105.
Q. In each of these cases how about the duty?
A. The duty would remain the same always.
Q. The duty would be
A. It is just freight and duty paid f.o.b. in Canada.
Q. The customer would receive it free of duty?
A. Yes.

Q. And what is the duty?

A. 25 per cent.

By Mr. Brodeur:

Q. Are you quite clear that this pump was sold in 1904 for $1,536

A. No. I could not be quite sure because the accounts I have been reading over referred only to 1905, but I know that we were selling for that price.

Q. Was that the net price with the discount taken off?

A. That was the net price to the customer.

By Mr. Taylor:

Q. Freight and duty paid?

A. Freight and duty paid, f.o.b. Montreal.

By Mr. Northrup:

Q. Then if they were required to be delivered at Prescott the purchaser would have to pay the freight?

A. Well I am not sure. I think the freight to Prescott is much about the same as to Montreal. Probably if we ship it from Montreal there would be extra freight. Sometimes we got them delivered at different points.

Q. If you were selling a pump at Montreal to be delivered at Ogdensburg, would that make any difference in the price.

A. Well we have never sold them in that way.

Q. You have never sold to the Montreal office?

A. No we have never sold to the States.

Q. Have you any entry in your books referring to a thousand gallon underwriters pump, which was sold in August, 1904, to Brooks & Co. and delivered at Prescott?

A. No.

Q. Delivered at Ogdensburg?

A. No.

Q. Can you send a statement to the Chairman giving what the price would have been in August, 1904, in case there is any difference. There is quite a difference between early in 1904 and 1905?

A. Yes.

By Mr. Brodeur:

Q. You have nothing to do with the Jones Underfeed stokers?

A. No, sir.

Q. You are the agents for the Underwriters pump?

A. The Worthington Underwriters pump.

Q. That pump was sold for $1,550 in 1904, to the Department?

A. It is quite possible. You see it would depend——

Q. Was it an excessive price?

A. No.

By Mr. Gervais:

Q. It was a fair price?

A. It was a fair price.

By Mr. Taylor:

Q. That it with freight and duty paid?

A. That is our price.

Q. But if delivered at Ogdensburg and the government accepted it there without paying duty what would be the price.

A. I could not say.

Q. It would be considerably less would it not?

A. We do not know anything about the prices in the States at all.

By Mr. Gervais:

Q. You mean to say on the market in Montreal?
A. Yes.
Q. During the year 1904?
A. Yes.
Q. The Worthington pump was selling at $1,536?
A. Yes.
Q. And it was a fair price, imported into Canada and sold to the Government for $1,550?
A. Yes.
Q. A fair and reasonable price?
A. Yes.

By Mr. Taylor:

Q. The Worthington firm did sell pumps at New York for Ogdensburg?
A. Not for export to Canada.
Q. In this case we have evidence that the pump was bought by Mr. Brooks in New York and shipped to Ogdensburg and the government accepted it there?
A. What I mean to say is that I do not think the Worthington people would sell to anybody knowing it was for export to Canada. They might sell to somebody in New York not knowing where the goods were going.

By Mr. Brodeur:

Q. They would not sell for export to Canada at the same price they were selling to you?
A. No.
Q. They would charge a larger price?
A. I do not know what they would charge. I do not know what their price is to customers in the States.

By Mr. Gervais:

Q. Do you understand me well in the questions I put to you just now. I mean to say this: the Worthington pump on the Montreal market during the year 1904 was sold at $1,550, and that was a fair and reasonable price.
A. Yes, I should think so. Our price was $1,536 to customers.

By Mr. Brodeur:

Q. But I understand you to say that you would not sell to anybody in Canada?
A. Not knowingly.
Q. Then your principals in the States would not sell to anybody in Canada but would refer them to you?
A. Would refer them to us?

By Mr. Gervais:

Q. They have to go to John McDougall & Co.?
A. Yes.

By Mr. Stockton:

Q. Do you remember selling a pump in that year to go to Prescott?
A. No.
Q. Or did you?
A. I have no recollection of it.
Q. Is there any pump similar to this made in Canada?
A. There are what are called underwriters pumps made in Canada.

Q. The same?
A. Not the same pump.
Q. What is the difference?
A. In the workmanship, material and design.
Q. I cannot hear you.
A. In the workmanship, material and design.

By Mr. Gervais:

Q. Quality and so on?
A. Yes.

By Mr. Taylor:

Q. Not sold at the same price though?
A. I do not know. I think their prices are less.

By Mr. Stockton:

Q. Do you remember importing any Worthington pumps in 1904?
A. I do not know whether we imported any underwriter pumps in that year or not.
Q. Worthington pumps?
A. Yes, Worthington pumps.
Q. The Worthington underwriter pump?
A. No, I have no recollection that we imported any underwriter pumps.
Q. Then so far as your remembrance is concerned, you have no recollection of either importing or selling that pump?
A. No.

By Mr. Northrup:

Q. I think you said you did not know of any articles being sold by your firm to Brooks & Co.?
A. No, none at all.

The witness was discharged.

Mr. GOLDIE recalled.

By Mr. Brodeur:

Q. How much would it cost to complete the boiler that you sold to Williams & Wilson?
A. The boiler was completed when it was shipped.
Q. Were there not fittings to go with it?
A. The fittings went with it.
Q. So you say that it was entirely complete?
A. Yes, sir.
Q. At the time?
A. It was not ready for use, but the boiler was complete, yes.
Q. How much would it cost to put it in such a position that it could be used?
A. To work it in? What we call work it in?

By the Chairman:

Q. To make all the installation?
A. I could not tell you off-hand.
Q. To be used?
A. I could not tell you off-hand.

APPENDIX No. 3

By Mr. Gervais:

Q. How many dollars would it cost in round figures?

A. $250 to $400. I cannot say just off-hand.

Q. Between $250 to $400 would be the cost of making the installation?

A. To put it in position and brick it up.

Witness was discharged.

Mr. JAMES T. ROSS called and sworn, and examined

By Mr. Northrup:

Q. You represent the Jones Underfeed Stoker Co.?

A. I am the secretary of the company.

Q. Do you know at what price you were selling the Jones underfeed stokers at in December, 1904?

A. No. It would be almost impossible for any one to give an average price because the stoker really is a small part of the equipment and every part of the plant varies from the other.

Q. You remember some negotiations that your firm had with parties in Prescott that fall?

A. No, I do not. I may say that when the subpœna was served I had it looked up and we could not find the names mentioned on the subpœna, and I practically came down here to say that I thought it had been a mistake entirely.

Q. Perhaps you were selling to Williams & Wilson, of Montreal?

Mr. GERVAIS.—Complete your answer.

WITNESS.—I thought it was a mistake entirely, because we had no dealings with the persons mentioned in the subpœna. As soon as I came here I heard Mr. Merwin's evidence, or part of it, and I suppose possibly there may have been some sold to Williams & Wilson, but I cannot say.

By Mr. Northrup:

Q. Then you do not know anything about negotiations at Prescott with the St. Lawrence Starch Works, or with Wiser, at about that time, to put in these underfeed stokers?

A. I think we have had some negotiations. I remember Mr. Wiser's name in connection with some matters, but my recollection is indistinct as to that because I was not actively engaged in the business of the company and my knowledge is rather incidental. I should know what was going on at the time, but I never charged my memory. I knew there were two or three parties in communication with us at the same time.

Q. About putting in these underfeed stokers?

A. I am sure I do not know that.

Q. I understood you to say that the difference is such that you could hardly tell us what the price was?

A. Yes. No two plants are alike, and they would very greatly vary. For example, we might get a certain figure for the A plant, and for the B plant it would be very different figures. It varies in a thousand to one different instances and we might make far more money on the lower price than on the higher price.

Q. Do you remember installing any underfeed stokers to the government at Prescott?

A. No, I do not know anything of it myself.

By Mr. Gervais:

Q. How much did you charge Mr. Wiser for the installation of a plant? Is it not a fact you charged over $2,500?

A. For how many stokers?

Q. I could not give you the specification.

A. For two stokers very likely we did.

By Mr. Northrup:

Q. How much do you say was charged?

A. Very likely we got $2,500 for two stokers with good equipment.

Q. Including what?

A. Good stoker equipment.

Q. Including how much equipment?

A. There you have me, because I am not up in the details of the business.

Q. Would you swear as a matter of fact that you got $1,900?

A. I would not. I would not swear we got anything at all.

Q. You are not speaking from knowledge?

A. Only in a general way.

By Mr. Gervais:

Q. As a matter of fact would you not be surprised to learn that the Wiser people have bought for $2,500?

A. No, I would not be surprised, I do not know.

By Mr. Northrup:

Q. You would not be surprised to learn that they bought for $1,800?

A. I would not be surprised to learn it. It would depend upon what they were getting. Just the other day a matter came up, and it was referred to me, where there was a difference of $500 in one item; that is in one item entering into the value.

By Mr. Stockton:

Q. Do you mean to say, witness, that you cannot say within $500 or $600 as to the price of this underfeed stoker that was sold to Mr. Wiser?

A. No, I could not tell, because you understand that the stoker alone is not sold, there is the complete stoker equipment.

By Mr. Gervais:

Q. Complete your answer?

A. The stoker alone is a small item of the total.

By Mr. Stockton:

Q. I mean the plant that you refer to as having been sold to Mr. Wiser?

A. I am at a loss there because I do not know the conditions, and do not know as a matter of fact that it was sold to him.

Q. You mean to say you do not know whether there was any sale at all?

A. I mean as a matter of fact I do not know that there was any sale at all.

Q. What do you mean 'as a matter of fact'?

A. I have an indistinct idea that there was a sale to Mr. Wiser.

Q. You think, but you do not know anything about it?

A. Beyond that I do not know anything about it.

By Mr. Gervais:

Q. It depends upon the circumstances in each case?

A. The circumstances of each case.

Q. Of each contract?

A. If we were asked to supply a plant we would not put it in until we had gone and seen the plant and we would not put it in at all under certain conditions. We would want to know all the conditions.

Q. Then there might be any amount of variation in prices?

A. Any amount of variation in prices.

Q. You have agents that go round to see the plants?

A. Yes.

Q. Does the agent make a bargain with them when he looks over the plant?

A. I think the order of procedure is this: for the agent to go to a certain plant, get all the details of the plant and a sketch of the boiler room, and figure up what is wanted, report that to the office, and the engineer checks it over ordinarily before quotations are given.

By Mr. Macdonald :

Q. Do you know whether Mr. Wiser got his underfeed stoker before the government got theirs or not?

A. I do not know.

Q. You do not know?

A. I do not know.

By Mr. Foster :

Q. Did you sell any underfeed stokers, or instal any underfeed stokers for Williams & Wilson in 1904-5?

A. I do not know that.

Q. You do not know that you did or did not?

A. I do not know that we did not.

Q. You do not know whether you made a sale of plant to Williams & Wilson that year ?

A. I do not know, as a matter of fact, whether we did or not. I gather from what I heard here this morning that possibly we did, but I don't know.

By Mr. Taylor :

Q. Did you instal underfeed stokers either through Williams & Wilson or through any person else?

A. From my own knowledge, I do not know.

Q. What do your books disclose? Do your books disclose it?

A. I do not know that, because I never had it looked up. There was no suggestion as to that in the subpœna served upon me.

By Mr. Gervais :

Q. You were unfortuate enough not to sell to this government ?

A. No.

Q. You were fortunate enough not to sell to this governemnt ?

A. Not to sell to the government. We make a practice of dealing direct with the parties in case of a sale.

The witness was discharged.

Mr. W. A. WILSON recalled and further examined

By Mr. Northrup :

Q. I understand that Mr. Merwin has withdrawn his objection to your giving information before this committee?

A. Yes.

Q. What invoices have you there?

A. I have all the original invoices for the fiscal year 1904-5, and also the original ledger folios for F. L. Brooks & Company.

Q. What is the first invoice you have there?

A. (Reads)—

'July 5, 1904.—1 "G. & McC." return tubular steel boiler, 55-in. x 14-in. complete, ts per our letter Feb. 15, 1904, $600. Shipped to Prescott, Ont. F.o.b. Galt, Ont.'

Q. That is a Goldie & McCulloch boiler?

A. A Goldie & McCulloch boiler. Shall I go right along with them?

Q. Yes, if you please.

A. (Reads)—

'Aug. 29, 1904.—1 Sturtevant 6-in. x 6-in. automatic single upright engine, complete, $262.50. Shipped to F. L. Brooks & Co., f.o.b., Boston. Prescott, Ont.

By Mr. Northrup:

Q. What does that mean as to duty?

A. I am not quite sure whether the government paid duty on this or not. That would be a matter for the Marine Department.

Q. It was shipped by you anyway?

A. That means the consignees paid the freight.

Q. It was shipped to whom?

A. F. L. Brooks & Co., Prescott.

By Mr. Taylor:

Q. What was the price?

A. $262.50. (Reads)—

'September 23, 1904. 1 Worthington 18 x 10 x 12", 1,000 gals. new style 1904 pattern Underwriters Fire Pump, $1,024. Freight prepaid,—charge will follow. F.O.B. New York. Shipped to Ogdensburg, N.Y.'

'October 6, 1904. I "Beatty" hoisting engine, 3 drums, double cylinder without boiler, $770. F.O.B. Welland, Ont. Shipped to Prescott, Ont.'

'October 10, 1904. 1 Single barrel steam capstan No. D, 10½ barrel double cylinders 5" x 7", $390. F.O.B. Providence. Shipped to Prescott, Ont.'

'October 12, 1904. 1 "O & S" No. 17, (75 h.p.) vertical tubular boiler mounted on round base, complete with all fittings as described. Also 20 ft. smokestack No. 12 gauge with umbrella top and damper also "Penberthy" injector with necessary valves and piping, $575. Shipped to Prescott, Ont. F.O.B. cars, Reading, Pa.'

By Mr. Macdonald:

Q. That is a vertical tubular boiler?

A. A vertical tubular boiler, yes. The next is (reads)—

'October 14, 1904. Prescott, Ont. 1 6" x 6" vertical auto. engine throttle valve, cylinder oiler, anchor bolts and plates No. 10381, $262.50. F.O.B. Readville.'

By Mr. Foster:

Q. Pennsylvania?

A. Massachusetts, I think.

Q. And the price?

A. $262.50.

By Mr. Northrup:

Q. That would not be a Sturtevant engine 7" x 7" described in this invoice?

A. The last item I gave you was an engine.

APPENDIX No. 3

By Mr. Foster:

Q. Where was that shipped to?

A. The invoice does not show where it was shipped to.

By Mr. Macdonald:

Q. The freight was not paid on it?

A. No, it was F.O.B. Readville.

By Mr. Taylor:

Q. Whose make of engine was it?

A. I am not quite sure, now what the manufacturers name is, but I can get that information for you without any trouble. (Reads)—

'November 4th, 1904. 1 steel derrick as per plans, with one double 12" steel wire rope block, and one single steel wire rope block, both with self lubricating bushings, $716; 275 ft. ⅝-in. wire cable for boom, $7.85—$21.59; 275 ft. ½-in. wire cable for hoisting, $6.95—$19.11. Total, $756.70. Shipped to Prescott, Ont.'

Q. F.O.B. where?

A. Well apparently we delivered it there.

Q. Delivered it at Prescott?

A. Apparently so, the invoice does not show otherwise.

Q. Yes.

A. (Reads)—

'November 12, 1904. Net cash. 1 "Hendey-Norton" tool-room lathe mounted on oil pan, 14-inch swing, 6-inch bed, complete with all attachments and chuck as per specifications, $995. F.o.b. Torrington, Conn. Shipped to Prescott, Ont.

'November 12, 1904. Net cash. 1 "Hendey" 12-in. pillar shapper, with universal index centres and all attachments and tools, as per specifications, $505. F.O.B. Torrington, Conn. Shipped to Prescott, Ont.'

'November 18, 1904. Net cash. C.P.R. One 7-in. x 7-in. Sturtevant automatic vertical engine, $335, f.o.b. Readville, Mass. Shipped to Prescott, Ont.'

By Mr. Brodeur:

Q. Has that got an automatic cut-off?

A. Yes. I am giving it to you just the way it reads here.

Q. Yes, but in the Auditor General's Report it reads: '1 Sturtevant engine, 7-inch x 7-inch, vertical, with automatic cut-off'?

A. That is what it means, that is the meaning of it.

By Mr. Macdonald:

Q. There is another one, a first feed Sturtevant upright engine?

A. I think that is one in November 25th. (Reads). '1 Goldie & McCulloch horizontal return tubular boiler, 55 inches dia. x 14 feet long, with 64 3-inch tubes, with steam dome ⅜-inch thick, head sheets 7/16-inch thick, same as last supplied, but arranged for "Jones" stoker, $660.'

By Mr. Northrup:

Q. What is the date of that?

A. November 25. (Reads). 'December 31, 1904, 2 Jones underfeed stokers complete and installed at Prescott, Ont., $1,880. March 30, 1905. Thirteen feet 4¾-inch turned machinery steel shaft, 787 :05½, $43.29, shipped to Prescott.'

By Mr. Foster:

Q. That is delivered at Prescott?

A. I presume that is it. It does not say f.o.b. Prescott, although it may or may not have been.

Q. According to that invoice?

A. According to that invoice we sent it to Prescott, but they may have paid the freight there. (Reads). 'March 31, 1905, 1-20 tons transfer crane, complete as per proposal, $1,640, Prescott, Ontario.'

Q. Delivered there?

A. That is where it was shipped to.

By Mr. Macdonald:

Q. Not delivered?

A. We would not prepay the freight unless it was so stated.

By Mr. Foster:

Q. The others came f.o.b. at certain places, and where there is no f.o.b. to Prescott I take it you delivered the goods at Prescott?

A. No, I think if we paid the freight it would be f.o.b. Prescott.

Q. It would be?

A. Yes. Otherwise the ordinary course would be for the consignee to pay the freight when he took delivery.

By Mr. Taylor:

Q. Where was this shipped from?

A. I am not sure. I can find that out from the several firms that built the cranes with whom we have been dealing.

By Mr. Brodeur:

Q. That is outside our investigation?

A. That date should be April. (Reads). 'April 17, 1905. To freight prepaid in (1) 18 x 10 x 12-inch Underwriter's fire pump as per our invoice September 23, 1904, shipped to Ogdensburg, N.Y., $46.45.'

Q. That is the pump that was inquired about?

A. We prepaid the freight and now we are charging it.

Q. How much was the freight?

A. $46.05.

Q. Your bill for the pump was $1,044. Did that include freight?

A. No, that was f.o.b. at point of shipment, and now we are charging for the freight which reads prepaid. (Reads). 'May 31, 1905, 25 casks "bitumastic solution," 1,000 gallons, $1.12, $1,120. Shipped as follows: 5 casks to Prescott, Ont.; 5 casks to Sorel, Que.; 5 casks to Quebec, Que.; 5 casks to St. John, N.B.; 5 casks to Halifax, N.S. Shipped by Canadian Pacific Railway as per duplicate bill of lading inclosed.'

By Mr. Macdonald:

Q. Was the freight prepaid?

A. No, there is nothing to show that the freight is prepaid. This would indicate that the customer paid the freight when he took delivery, that is the freight from Montreal; we had it imported from the old country.

By Mr. Foster:

Q. Where were they shipped from?

A. We would make shipment from Montreal, but it was purchased in the old country. Now, I think this is the last item. (Reads)—

'June 28, 1905.—1 automatic tapping machine, $157. Shipped to Dominion lighthouse keeper, care of W. H. Noble, Prescott, Ont.'

APPENDIX No. 3

By Mr. Macdonald:

Q. Is your firm a manufacturing firm or are you manufacturer's agents?

A. We manufacture some outfits in the way of conveying machinery and that class, but our principal business is buying from manufacturers and selling to customers. We don't work on commission. We carry a considerable stock, and we have agencies, and we buy from the manufacturers and sell to customers.

By Mr. Taylor :

Q. You are jobbers?

A. We are jobbers, yes, and manufacturers, and general agents on account of having stock.

Committee took recess.

The committee resumed at three o'clock, p.m., Mr. Geoffrion in the chair.

The examination of Mr. W. A. WILSON was continued

By Mr. Northrup :

Q. Nov. 12, 1904, is the next invoice, I think; a 'Hendy-Norton' lathe, together with the tools going with it?

A. (Referring to invoice) $995.

Q. The next, I think, is August 15, 1904, a thousand-gallon underwriters' pump—yours is a month or two later, September, I think?

A. $1,024.

Q. That being the price you sold at?

A. That is the price, yes.

By Mr. Macdonald :

Q. Ex. freight?

A. Freight prepaid, charges will follow. If I remember it right, there is an invoice afterwards for some $43 for freight.

By Mr. Northrup :

Q. Two Jones underfeed stokers, Nov. 12, 1904.

A. $1,880—that is, installed at Prescott.

Q. And the next one is July 30, 1904, a Goldie & McCulloch return tubular steel boiler.

A. $660.

Q. Where?

A. Shipped to Prescott, f.o.b. Galt.

Q. The next one is Nov. 10, 1904, one Sturtevant engine 7-in. x 7-in., automatic vertical.

A. Shipped to Prescott, $335.

Q. And freight prepaid by whom?

A. Apart from any understanding to the contrary, that would be paid by the consignees, Brooks & Co.

Q. Do you know how much the freight was?

A. No.

Q. The next is August 20, 1904, one upright Sturtevant automatic engine 6-in. x 6-in., complete.

A. $262.50, f.o.b. Boston.

Q. That was shipped from Boston?

A. Yes.

Q. The other one just before was shipped from Boston, too?

A. F.o.b. Readville, Mass.—the previous invoice, of Nov. 18, for a 7-in. x 7-in. Sturtevant automatic vertical engine, was f.o.b. Readville, Mass.

Q. And how about the duty?

A. Well, the consignee looks after the duty. I do not know whether there was any duty or not.

Q. Then, the other upright engine, the October 13 engine, one Beatty hoisting engine, double cylinders complete, what was the price paid you for that?

A. $770 f.o.b., Welland, Ont.

Q. The next is Nov. 12, 1904, one Hendey pillar shaper?

A. (Reads.) 'One 12-in. Hendey pillar shaper, with universal index centres and all attachments and tools, as per specifications, f.o.b. Torrington, Conn. Shipped to Prescott. Price, $505.'

Q. Just before you leave that previous one, where was it shipped to—that hoisting engine?

A. To Prescott.

By Mr. Macdonald:

Q. I notice that that pillar shaper is 12-in., and the invoice of Brooks is 15-in. You don't know whether it is the same or not?

A. I do not know; this may be right or that may be right. The chances are that this is correct.

By Mr. Northrup:

Q. At all events, you have the 12-in. pillar shaper coming from Torrington, Conn., to Prescott.

A. Yes.

By Mr. Taylor:

Q. At what date?

A. Nov. 12.

By Mr. Northrup:

Q. To whom was it shipped to Prescott?

A. F. L. Brooks & Co.—I do not know,—I presume it was shipped to Brooks & Co. The invoice does not show. It is made out to F. L. Brooks & Co. and 'shipped to Prescott.'

Q. At all events, your date is Nov. 12?

A. Yes.

Q. The next one I have is October 31, 1904, one steel derrick as per plans, with double 12" steel wire rope. How much were you paid for that?

A. The total invoice, including the wire cable, was $756.70.

Q. And where was that shipped?

A. To Prescott.

Q. From where?

A. The invoice does not show.

Q. It was shipped to Prescott to whose care—who was consignee?

A. The invoice does not show that. The other invoice of course is to F. L. Brooks & Co. No doubt it was shipped to their address.

By Mr. Taylor:

Q. What is the date of your invoice?

A. November 4th.

APPENDIX No. 3

By Mr. Northrup:

Q. Are all these invoices made out to Brooks & Co.?

A. Yes.

By Mr. Macdonald:

Q. Was freight paid in that?

A. There is nothing on the invoice to indicate it.

Q. You assume it would be paid by the consignee?

A. Yes.

By Mr. Northrup:

Q. The next is, two advance duplex pumps—you had nothing to do with them?

A. No.

Q. February 20, 1904. You have no invoice there for a standing cylindrical drum?

A. Nothing prior to the fiscal year 1904-05.

Q. Is that an article that you are in the habit of selling, a cylindrical drum?

A. Oh, yes.

Q. Do you remember selling such an article to F. L. Brooks & Co.?

A. I have no personal recollection.

Q. Could you send up a copy of the invoice as to that if you have it?

A. Yes.

Q. The next we have is one Goldie & McCulloch return tubular boilr, 55" x 14" complete, November 15, 1904?

A. I have November 25th here.

Q. There were two boilers, I remember?

A. Yes. This reads: 'One Goldie & McCulloch horizontal return tubular boiler, 55" diameter by 14 feet.' Is that the one?

Q. Has that been accounted for?

A. I have put away all that have been accounted for on this examination.

Q. That invoice in your hands must be for something not accounted for so far?

A. We had a Goldie & McCulloch.

Q. This is November 15th.

A. I have an invoice of November 25 (reads). 'One horizontal return tubular boiler, 55"x 14", fitted with 64 3-inch tubes with steam pump; shell three-eighths inch thick, head sheets seven sixteenths same as last supplied but arranged for Jones stoker, $660. F.O.B. Galt. Shipped to Prescott.'

Q. That was shipped from Galt?

A. From Galt.

Q. To whom?

A. To F. L. Brooks & Co., Prescott.

Q. How about the freight?

A. It was f.o.b. Galt.

Q. The next we have is a pattern maker's lathe, $730?

A. You will find that is before the fiscal year, June 15.

Q. You might take a memorandum of that. Then there would be another entry, February 19th, 1904, one No. 3, 36 McGregor & Gourlay band saw?

A. 36" I suppose.

Q. Yes. And one 16" perfection buzz planer and counter shaft. The next is February 27th, 1904, one U improved 24-in. pony planer complete, with counter shaft. The next is October 19, 1904, one single barrel steam capstan?

A. Yes. (Reads)—

'No. "D" 10½ barrel double cylinders, 5"x 7", $390, F.O.B. Providence, shipped to F. L. Brooks & Co., Prescott.'

Q. The next is October 19th, 1904. One upright automatic Sturtevant engine, 6"x 6"?

A. (Reads)—

'One 6-in. x 6-in. vertical auto. engine, throttle valve, cylinder oiler, anchor bolts and plates, No. 10,381, $262.50. F.O.B. Readville.'

Q. Consigned to?

A. To F. L. Brooks & Co., Prescott.

Q. The next is October 12, 1904, one O. & S. No. 17 (75 h.p.) vertical tubular boiler, mounted on round base, complete with all fittings as described?

A. Price, $575.

Q. And to whom consigned?

A. F. L. Brooks & Co., Prescott.

Q. From?

A. Sold f.o.b. cars, Reading, Pa.

Q. There is an item here, I do not know that you have anything to do with, an optical apparatus and lantern.

A. No.

Q. A Flather planer, 36 x 12?

A. What is the date of that?

Q. I have no date. Have you any entry in your invoices of bitumastic solution, 200 gallons?

A. Yes.

Q. What price was paid for that?

A. (Reads.) '25 casks bitumastic solution, 1,000 gallons, at $1.12 a gallon, $1,120.' F.O.B. Montreal?

A .Well, the invoice reads: 'shipped by Canadian Pacific Railway as per duplicate bill of lading inclosed.' That was imported from England, if I remember rightly. There is nothing in the invoice to indicate that it was not shipped from Montreal—I do not know.

By Mr. Macdonald:

Q. It does not show any freight paid?

A. No, there would not be any freight prepaid from Montreal to these other points, but my impression is that it was sold f.o.b. Montreal.

By Mr. Northrup:

Q. What about the duty on that?

A. I think we paid the duty on that.

Q. That was before you sold to Brooks & Co.?

A. I am not dead sure about that, but I think that we did.

By Mr. Taylor:

Q. You sold it at $1.12 f.o.b.?

A. Mr. Merwin may be able to clear that up.

By Mr. Northrup:

Q. I see in that same item there is a twenty-ton travelling crane, complete, is that yours?

A. (Reads.) 'One twenty-ton transfer crane, complete, as per proposal, $1,640.'

Q. Where was that delivered?

A. I will have to get that information for you, I have not got it on the invoice.

Q. Where is that f.o.b.?

A. I will have to get that information for you. The invoice does not show it.

Q. Now, we started, I think, at a Flather planer, did we get any further?

A. No, there is no Flather planer sold by us.

Q. Then the Hendey-Norton engine lathe, 20-inch?

A. What is the date?

Q. I have not the date, unfortunately.

A. It is not in our invoices for that year.

Q. The next item is a Saunders pipe cutting and threading machine?

A. I am not sure that we sold that at all. You have not any idea of the date of that?

Q. All we know is it was paid for between June 30, 1904, and June 30, 1905. Have you a Garvin tapping machine?

A. (Reads). 'One No. 1 automatic tapping machine, June 28, 1905.'

Q. What price were you paid for that?

A. $157.

Q. And where was that shipped?

A. Dominion lighthouse keeper, care of W. H. Noble, Prescott, Ont.

Q. Shipped from where?

A. It does not show. I can find out for you.

By Mr. Macdonald:

Q. How about freight, f.o.b. I suppose?

A. Yes, it would be f.o.b. point of shipment.

By Mr. Northrup:

Q. The next we have is a Niles 50-inch vertical drilling machine?

A. No, I have not that. I do not know whether we sold that or not.

Q. Then the next item is a Benent vertical drilling machine, 32-inch.

A. No, I have not that.

Q. And a Niles turret lathe, $\frac{5}{8}$ by $4\frac{1}{2}$?

A. No, I have not that.

Q. Then, a Sturtevant upright engine, 5 x 7. Have you one in addition to those already accounted for?

A. No, I have just two other items.

By Mr. Macdonald:

Q. What are they?

A. Thirteen feet of four and three-quarter-inch turned machinery steel shafts, 787 at $5\frac{1}{2}$ cents, $43.29.

Q. What is the other item?

A. The other item is that prepaid freight.

Q. How much is that?

A. $46.05.

By Mr. Northrup:

Q. What was that freight on?

A. On the Underwriters fire pump.

Q. Where was that shipped from?

A. F.O.B. New York?

Q. Shipped to Ogdensburg?

A. Yes.

Q. Then these last two items are all you have?

A. Yes.

Q. One completed acetylene compressor—you have nothing to do with that?

A. No.

Q. It is possible this other Sturtevant engine might be one of those ordered before June 30, 1904, and not paid for until after it. You understand our public accounts here only show goods paid for between June 30, 1904, and June 30, 1905.

A. Yes.

Q. We have come across several items paid for during that time by the Government but bought before?

A. Yes.

Q. So that it may be that this Sturtevant engine was ordered in January or February, 1904, and not paid for until June, still it might be in your books?

A. Yes.

Q. Will you make an entry of that—a Sturtevant upright engine, 7 by 7.

A. We have one 7 by 7 Sturtevant.

Q. Already accounted for?

A. Yes.

Q. I have nothing more to ask. I ask you to send this to the chairman—perhaps it might be better to send this information to the secretary, Mr. Howe.

A. Yes.

By Mr. Macdonald:

Q. In regard to that Goldie & McCulloch boiler, you say the figures that you sold at were $660.

A. Yes.

Q. Would that be the price at which you would quote that boiler in Montreal generally?

A. That price of course is f.o.b. Galt, and——

Q. Were you selling agents for that company?

A. At that time we were selling agents for Goldie & McCullloch, yes. In view of the evidence I heard this morning of Mr. Goldie that their price to us is $625, I think we should have got more than $660 for it.

Q. You should have?

A Yes, in the ordinary course.

Q. In the ordinary course of business?

A. We bought one at $600—was that his evidence?

By Mr. Pardee:

Q. Yes. One invoice he filed was for $600, and the other for $625.

A. That would be correct, because I think the understanding between us—the contract between us—at that time was a ten per cent protection.

By Mr. Macdonald:

Q. Ten per cent. So that on a $625 purchase you would be entitled to add to that $62.50 in your disposal price?

A. Yes.

Q. Add that to the price, and make the price about $687.

A. Yes. And that price, if my recollection of the contract is correct, was the price that a customer would have to pay for it, that is, $660, dealing direct with Goldie & McCulloch.

Q. On the basis of $600 being the price to you?

A. Yes. We should have a protection of ten per cent, so that the customer should buy from us—that is our universal custom. The customer buys from us at as good a price as he can buy from the manufacturer and get the benefit of our technical experience, and that kind of thing, and pays the same price to us as he would pay to the manufacturer.

By Mr. Brodeur:.

Q. So that, if somebody wanted to buy the boiler they would pay you the sme price as they would pay if they got it from the manufacturers?

A. Yes.

APPENDIX No. 3

By Mr. Gervais:

Q. All these goods were sold net cash?

A. Net cash.

Q. And you were paid for these goods according to the terms of the sale note?

A. Yes.

Q. What extra price would you have charged in case of such goods being paid for in twelve or fifteen months—ordered on credit?

A. That would depend on the customer, somewhat, Mr. Gervais.

Q. Well, what extra advance would you charge upon the net price already mentioned; if I want to buy these goods at thirty days net cash, what advance, what extra price would you put on these if I said: 'I will try and pay you next year, next January—next session of parliament?'

A. Well, we don't sell goods that way. We would have to add to our price, of course, if we gave credit.

Q. How much—ten per cent?

A. Well, that depends largely on the customer.

By Mr. Macdonald:

Q. You would add your interest?

A. We would at least add interest, but the average man that asks for credit extending over a length of time, a jobber particularly, takes long chances on payment at all.

Q. What amount do you charge on account of the uncertainty of the date of payment?

A. Each case would have to stand on its own bottom.

By Mr. Barker:

Q. I suppose you would consider the government of Canada a pretty good customer?

A. Well, we would consider the government of Canada——

Q. What is your answer?

A. My answer to that would be that the addition would be the interest.

Q. What?

A. In case of extended payment—supposing the government of Canada wanted, say twelve months, they would not get it at that price.

Q. What would the difference be?

A. At least the interest—bank interest.

By Mr. Gervais:

Q. About 10 per cent?

A. Well, I would not say 10 per cent so far as the government is concerned.

Q. Do you recollect you would have three or four trips to Ottawa, writing about your money, asking them to send your cheque, writing them you want your money, waiting for the opening of parliament, the date of prorogation, passing the estimates—and all this sort of thing?

A. If I had to take that all into account, I think 10 per cent would be a very moderate addition.

By Mr. Barker:

Q. Especially if you have to attend the Public Accounts Committee?

A. Yes.

By Mr. Taylor:

Q. Did you give Merwin any discount?

A. No, these were net prices.

Q. Was there a cash discount?

A. No, these were net prices. You would notice that if you looked over the invoices.

By Mr. Northrup :

Q. If you were dealing with a customer buying large orders, like the Dominion of Canada, would that be a factor?

A. Of course, the amount of business they were doing with us would be a factor, but not necessarily to the extent they were buying.

By Mr. Gervais :

Q. You never expected to live on your orders from this government?

A. Well, we were entrusted with very few orders from the government.

By Mr. Brodeur :

Q. Is it not more trouble to deal with a department and different officials of a department than to deal simply with the manager of a concern?

A. Well, that has been our experience, Mr. Brodeur; in fact, we have had very little dealings, I am sorry to say, with the government.

Q. Is that the reason that generally the merchants and traders charge the departments more than they charge their ordinary customers?

A. Well, I do not know what the reason is that it is harder to deal with the government than it is to deal with such a customer as Merwin, but I know we found it very difficult to deal with the government; and as far as Mr. Merwin is concerned, he simply placed the orders, there was no trouble whatever, and when the cash was due it was paid, and we did not have to spend any time or railway fare with him, and the consequence was he got the best price.

Q. I have realized since I have been here, Mr. Wilson, that generally the department has to pay a little higher for what it buys than ordinary people?

A. Yes.

Q. Is there any particular reason for that? Is it due to the fact that you have got more trouble in connection with orders for the department than you have with the ordinary customer.

A. I do not think that so far as my firm is individually concerned that prices we have quoted to the government were much higher, if any, than we would quote an ordinary customer, but it may be on that ground that we did not follow up our quotations and secure orders. If we went to the expense that a great many do in coming to Ottawa and expending railway fares and their time, why, if we would come out even, much less make any money, we would have to add to our prices.

Q. You have to see more people in connection with orders placed with the government?

A. There is no question about that.

Q. More than you have to see in an ordinary transaction of business?

A. Yes.

By Mr. Macdonald :

Q. You would, as a matter of fact, expect a larger percentage of profit than in a transaction with a man who goes to the shop and pays net cash?

A. Well, you have to make allowances for your time and expenses in the matter.

Q. You would want a larger percentage of profit than in a transaction with a man who comes to your establishment and pays you the money for what he buys.

A. I think that is the way it would work out in practice. I have not had much experience. I think the average merchant would take that position.

APPENDIX No. 3

By Mr. Barker :

Q. If you had been asked by the government to deliver these boilers and engines at Prescott for these prices, would you have done it on the same terms exactly as they are in these invoices? Would you have bargained with the government on the same terms if you had received the order?

Mr. MACDONALD objected to the form of the question.

By Mr. Barker:

Q. I asked if under precisely the same terms that you dealt with Merwin, had you received an order for these boilers and engines and things as you did from Merwin, to be bought by the government precisely as Merwin bought them, would you have given the same terms.

A. Well, in the suppositious case which you put, I do not see that there would be any difference so far as we are concerned.

Q. You would have made the same price—you don't say one would be different from another?

A. We have never had any orders from the government in that way.

Q. Supposing the government did choose to order——

Mr. MACDONALD.—I object to any question of that kind.

By Mr. Barker:

Q. I am supposing the government would do business as any business man does. Supposing, Mr. Wilson, that my credit was perfectly good and you knew that I would pay cash, would you have sold to me at the same price as to Merwin?

A. Well, not necesarily, Mr. Barker, because——

Q. If I was dealing to the same extent as he was?

A. If to the same extent I would quote the same price.

Q. And so to the government?

Mr. MACDONALD.—For cash.

By Mr. Barker:

Q. I say precisely the same conditions, price down on delivery, would you make any distinction between one person and another under the same circumstances?

A. No reason for making any distinction whatever under exactly the same conditions, Mr. Barker.

By Mr. Macdonald:

Q. If a man bought goods on twelve months credit you would ask him more than if he paid cash down?

A. Certainly.

By Mr. Gervais:

Q. More especially if the man says: 'I will pay you later on'—supposing after he came back from the woods.

A. Well, the chances are he would not get any credit at all.

By Mr. Northrup:

Q. I see that the travelling crane you made an entry of—I have just got the invoice. The date of the invoice is April 1st, 1905.

A. I thought I had the invoice for that. I think that was a question of freight, was it not?

By Mr. Macdonald:

Q. The question was as to where it was shipped from?

A. Yes.

Q. If you can give us the weights when you are getting this information and any information as to what the possible freight charge would be, it would be of interest to us?

A. It would just depend upon the weight of it.

Q. A travelling crane is a very unwieldy proposition?

A. I can give you the probable approximate weights of these.

By Mr. Gervais:

Q. It would take two cars?

A. I don't really know.

Mr. G. T. MERWIN recalled.

By Mr. Northrup:

Q. Were the goods you supplied to the government which you imported brought in duty free?

A. The goods were imported duty free.

By. Mr. Macdonald:

Q. One gentleman suggested that you were a sort of Sarah Gamp, and that Mr. Brooks was a Mrs. Harris and it was intimated that there was a telegram to Brooks addressed to New York, and there was no reply. Will you tell us where Mr. Brooks' residence is in New York?

A. His office is 138th Street and Third Avenue.

Q. 138th Street and Third Avenue?

A. Yes, he can be found there any day.

By Mr. Gervais:

Q. This is a well known firm in New York?

A. They are a well known firm.

By. Mr. Macdonald:

Q. I understand a telegram was sent to 160 Broadway, was that his address?

A. No, they do not know him there.

Q. They did not know him at all there?

A. No.

Q. Mr. Brooks is a well known man?

A. Mr. Brooks is a well known business man in New York.

By Mr. Gervais:

Q. Is he a married man?

A. He is, he has a family and a big one too.

By Mr. Brodeur:

Q. Did he live here?

A. No, he never lived here, but he is here on an average once a month.

By Mr. Gervais:

Q. Is his wife still living?

A. Yes.

Witness discharged.

Committee adjourned.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
July 5, 1906.

The Select Standing Committee on Public Accounts met here to-day at 11 o'clock, Mr. Geoffrion in the Chair, and proceeded to the further consideration of certain payments to G. T. Merwin and F. L. Brooks & Co.

Mr. J. F. FRASER called and sworn, and examined

By Mr. Brodeur:

Q. Mr. Fraser, you are one of the officers of the Department of Marine and Fisheries?

A. Yes.

Q. What is your position?

A. Commissioner of lights.

Q. How long have you been Commissioner of Lights?

A. Since October or November, 1903.

Q. October——

A. October or November; I think it is November, 1903.

Q. And what were you doing before that?

A. Engineer in charge of aids to navigation from Montreal to Kingston.

Q. How many years did you occupy this position of engineer?

A. From April, 1902, until November, 1903.

Q. And before that?

A. Before that I was in charge of the construction portion of cold storage work of the fisheries branch of the department in the maritime provinces from practically 1900 to 1902. From December, 1899, to April, 1902.

Q. And then before that?

A. Before that I was on the hydrographic survey of the Georgian bay, Lake Erie and Lake Huron.

Q. How many years?

A. From October, 1893 to——

Q. To 1899?

A. Well, for one year, from 1898 to 1899, I was in the department on the staff of the chief engineer, not specially assigned to any purpose. In that time I was plotting for Col. Anderson the survey of the Bay of Quinte.

Q. And before 1893?

A. Well, I was not in the service.

Q. You came into the service in 1893?

A. In 1893, in the fall.

Q. You are an engineer, an honour graduate of the Kingston Royal Military College?

A. Yes.

Q. You were, during the year 1904, in charge as Commissioner of Lights of the lighthouse system?

A. Yes, as far as the operation and maintenance was concerned.

Q. Operation and maintenance?

A. Yes.

Q. Will you explain to the committee what is the nature of your functions and powers as Commissioner of Lights?

A. The work of the lighthouse branch of the department is construction and maintenance. The construction work is carried out by the Chief Engineer, and the operation and maintenance is in my branch, with the special addition of the provision and installation of illuminating apparatus.

Q. So that everything connected with the illuminating apparatus comes under your control?

A. Yes.

Q. The buoy system?

A. Yes, all the buoy system.

Q. The lighthouse depot at Prescott is under your control?

A. Under my control from Ottawa.

Q. That is the place where the assistant commissioner of lights is stationed?

A. Is at present stationed.

Q. You spend a great deal of your time there too?

A. I did in 1904 and 1905; comparatively little time now. At that time Mr. Noble was not in charge, and it was necessary to give considerable attention to it during the reconstruction of the property.

Q. He is the assistant commissioner of lights?

A. Yes.

Q. When did the department install the lighthouse depot at Prescott?

A. It was taken over from the Labatt estate in November, 1903.

Q. Do you know the German firm of the name of the Pintsch Company?

A. I know of them through their Canadian and New York agents.

Q. Have they been doing business with the department for some years?

A. The New York firm I think since 1900 or 1901—I am not sure of the exact date—and previous to that the same business was done by an English company which corresponds to the present American company as far as its business is concerned.

Q. The gas buoys that are now in use in the department or that were in use until a couple of years ago, where were they manufactured?

A. All manufactured in Germany.

Q. What is the name of the firm which is making these buoys?

A. Julius Pintsch.

Q. Company?

A. No, just Julius Pintsch. There is no company, as far as I know.

Q. And that firm has been supplying the department with buoys for how many years?

A. As far as I have any knowledge, since 1886; possibly before that, I am not sure—what I mean to say is, the Auditor General's Report does not give details previous to that year.

Q. Well, until last year, or until the time when the department had some buoys made up in this country, or bought buoys made in this country, all the gas buoys which were in use were bought from that firm in Germany?

A. From Julius Pintsch?

Q. Yes.

A. Yes. Speaking about that, it is quite possible that some of the early buoys which the department had may have been made in England, although I am not sure. I cannot speak with such certain knowledge as more recently.

Q. By whom?

A. By the representatives of Julius Pintsch.

Q. The same company, practically speaking?

A. Yes, the licensees of Julius Pintsch, controlling the English market. Apparently some of the early buoys were rivetted instead of being welded, as our types were. It is quite possible that these buoys may have been manufactured in England.

Q. They were manufactured under the same patent.

A. Yes. At that time, I understand, the Pintsch patents controlled the buoy body as well as the buoy lanterns.

Q. You said that the department has been dealing for some years with an English firm, or with an English firm representing the German manufacturer?

A. As I understand it, the original patents were controlled by Pintsch of Berlin, who assigned to subsidiary companies the control of certain territory.

Q. For the sale or for the manufacture?

A. That I do not know—certainly for the sale and quite probably for the manufacture—that I do not know.

Q. Are these gas buoys manufactured in England to-day?

A. I think within the last year or so they are.

Q. Before that?

A. Not from any knowledge that I have.

Q. Are they manufactured in the United States?

A. They are made in the United States by the Continental Iron Works of Brooklyn for the Safety Car Heating and Lighting Company of New York.

Q. Is the Safety Car Heating and Lighting Company the agent for the German manufacturer?

A. Yes, for Canada, the United States and Mexico.

Q. So that in order to get gas buoys we had to go outside of this country.

Q. There is no concern in Canada that can make a welded gas buoy. As a matter of fact, the question whether they could be made in Canada or not was taken up by the late minister. I received instructions to prepare a report as to the cost of establishing a gas buoy welding plant in Canada for the manufacture of buoys of that type.

Q. For the government?

A. Not necessarily by the department, but the information could be placed at the disposal of any Canadian manufacturer. I examined the plant of the Continental Iron Works at Brooklyn and made a preliminary verbal report advising the minister that a plant of that nature could not be erected for less than $150,000, and that I did not consider there was enough business in Canada to warrant any person going in and expending that amount of money for the purpose of building a plant for the manufacture of gas buoys in this country.

Q. When did you make that report—some time ago?

A. Yes, the report was made, I think, in the spring of 1904. I am not very sure as to that date, but I think it is approximately at that time.

Q. Who had been representing in Canada since 1893 or 1896 or 1897 the German manufacturer?

A. The German manufacturer was not directly represented in Canada at all, I understand, in 1886, and perhaps for some years before, and for some years afterwards, the department dealt directly with the Pintsch Patent Lighting Company of London, and in more recent years, probably 1899 or 1900, they appointed James J. Reilly & Sons their Canadian agents.

Q. The company did?

A. Yes, as representative of the Pintsch Patent Lighting Company, and the department dealt with Reilly as Canadian agent.

Q. And in these later years?

A. I think Reilly was also agent of the Safety Car Heating and Lighting Company after the transfer of the Canadian business from the English to the American Company about 1900 or 1901.

Q. And since that time.

A. At the time that Reilly represented the American Company in Canada they also had a representative as far as their car lighting business was concerned, and I understand that they consolidated the two and placed their car lighting representative in charge of the whole business here.

Q. Who was that?

A. Mr. Merwin.

Q. Now, if I understand you right, since 1886 or about that time until last year the department purchased some gas buoys from manufacturers in Germany.

A. Correct.

By the Chairman:

Q. Until last year?

A. Until last year, until the close of 1904. In 1905 and 1906 no high pressure buoys of any type have been purchased.

By Mr. Brodeur:

Q. We are using now low pressure gas buoys?

A. Yes.

Q. The erection of the lighthouse depot at Prescott was made under your supervision?

A. The reconstruction and fitting out of the depot was made practically under my supervision, yes.

Q. What is the price that we were paying in 1887 for 9 feet spherical gas buoys, rivetted and guaranteed to hold all gas compressed to 90 pounds in both inner and outer compartments?

A. I can look the matter up—I think I am correct in saying £400.

Q. In round figures $2,000?

A. Yes, a little less than $2,000.

By Mr. Zimmerman:

Q. Freight would bring that up——

A. In all the business done with the Pintsch Patent Lighting Co. the government had to pay the freight from England to Canada. The recent buoy deliveries, 1902-1904, have been made f.o.b. Montreal.

By Mr. Brodeur:

Q. At that time (when the buoys referred to above were purchased) they were not making any welded gas buoys?

A. Well, I cannot answer that absolutely. I think at the time that these buoys were purchased that rivetted containers were used. I think welded gas buoys are a later development.

Q. Is the welding system cheaper or dearer than the rivetting system?

A. Welding is much more expensive than the other. The construction of welded gas buoys requires an expensive plant. Rivetted gas buoys may be made by any first class manufacture of that class of work.

By Mr. Zimmerman:

Q. Which is the best buoy in your opinion?

A. Rivetted or welded?

Q. Yes?

A. That entirely depends whether you are speaking of high or low pressure buoys, The objection to rivetted buoys for high pressure is that owing to the stress which they receive in service, collision with boats or from ice, or from the impact of the waves, is likely to loosen a rivet and start a leak, and a very small leak will cause the buoy to lose its gas and then it is out of service. A welded gas buoy does not develop leaks under these conditions.

By Mr. Brodeur:

Q. When you took charge of the purchase of gas buoys did you take up with the company the question of prices.

A. The question of prices was very carefully taken up both with the Canadian agent and with headquarters in New York.

Q. Did you succeed in getting any reduction in price?

A. A very material reduction.

Q. What is the reduction you got?

A. On each item—there are several items that go into that, both buoys and lanterns and other things.

Q. What is the price you paid in the fiscal year 1904-05 for gas buoys corresponding to those which were bought in 1887?

A. I do not know that I can give an exact comparison, with the buoys the department purchased then. There is a variation in price depending on the type and contents of the buoy. Generally speaking, the price of a compression buoy varies almost directly with the number of cubic feet that it contains. For example, if we buy a buoy containing twice the cubic contents per atmosphere we pay an increased price, perhaps not twice the price, because the container is so much larger. Generally speaking, the prices we have paid recently for gas buoys are lower than we paid in the past, that is, for the buoy body. The buoy referred to above cost about £400, or over $2,000 with the freight added.

Q. How much freight?

A. The freight would bring it over $2,000, there is no question about that, the freight from England to Quebec. The lantern at that time was worth £120 or $584 which would leave $1,426 for the rivetted buoy body. We bought 50 gas buoys and paid $1,600 for them, but our lanterns cost us only $300. That would leave $1,300 for the welded gas buoy, against $1,426 for the rivetted gas buoy.

Q. And you obtained that reduction in taking the matter up with the company in New York and their agent here?

A. I was not at all sure I would be able to obtain any reduction. It was a matter of chance, but it was quite successful. If the Safety Car Heating and Lighting Co. had decided to charge us the same scale of prices as had been charged in the past, the government would have had absolutely no recourse, as they had to have the buoys and lanterns.

Q. We had to take them?

A. Yes.

Q. They were the only manufacturers?

A. Yes.

Q. No competition?

A. No competition at that time.

Q. I file an account of 1887 for the gas buoys, £400, as Exhibit F.

EXHIBIT F.

'LONDON, E.C., June 7, 1887.

'The Marine Department of the Government of Canada,
'To Pintsch's Patent Lighting Co., Ltd.

'For Madame Island.

'One 9-foot spherical gas buoy, rivetted and guaranteed to hold oil gas compressed to 90 pounds in both inner and outer compartments, with patent lantern lense and all fittings complete, £400, per Allan steamer *Nestorian,* as per Mr. Smith's letter, March 30, 1887.'

Did you see this account on file in the department?

A. That is a copy. As a matter of fact the files were before the committee containing this account.

Q. Do not these gas buoys form the largest part of the account which was paid to Merwin during the year 1904-5?

A. I do not know; I think they did, I would not be sure unless I looked at the Auditor General's Report. Certainly gas buoys and gas lanterns formed a very large proportion.

Q. We have been paying for these very much less than formerly?

A. Yes, considerably less.

Q. Could you make up the percentage of the amount we paid less?

A. Yes, I think it could be done. In order to do that we would have to take up the several types of buoys at Quebec. We would require to take these buoys, get their contents, get their price and figure out the rate per cubic foot for which it could be done. It might take a little time to do it.

Q. Would you care to give any approximate percentage?

A. Not having made it up, I do not see quite how I could.

Q. You could not give any approximate percentage?

A. No.

Q. Twenty-five or thirty per cent?

A. It would be pure guess, and I do not know that it would possess much value. I would say we bought our gas buoys twenty or twenty-five per cent less. That, of course, would be subject to correction later on.

Q. Will you look at page P—15 of the Auditor General's Report. I see there you paid $150 for equipping a steamer with submarine receiving apparatus. Have you found that?

A. I have it, sir (referring to book).

Q. How did you come to pay this sum, $150, for this?

A. That price was paid in accordance with a contract which the department has entered into with the Submarine Signal Company for the equipment of the government steamers.

Q. Was this payment made upon your advice?

A. I think the account was certified to by me in accordance with the contract.

Q. Was the contract made upon your report?

A. Not alone on my advice. The contract with the Submarine Signal Company was reported upon by the officers of the department. It was recommended by the Lighthouse Board and passed practically on a joint recommendation of the officials of the department.

Q. Who are the members of the Lighthouse Board?

A. The Deputy Minister, the Chief Engineer, the Commander of the Marine Service, Mr. Hugh Allan. representing Montreal shipping interests, and myself.

Q. Was the contract itself submitted to the Lighthouse Board?

A. Not the contract, the question of the advisability of the use of their apparatus in Canada was approved by the board.

Q. On whose advice was the price determined?

A. It was a price as low as or lower than the Submarine Signal Company are charging the shipping interests for the use of the same apparatus.

Q. That is, the Submarine Signal Co. is in the position of the proprietor of a patented article?

A. Yes.

Q. And they are the only manufacturers of that article?

A. The only ones.

Q. Then on page P—22, is that the same thing?

A. The same thing.

Q. And then on page P—32 is that the same thing again?

A. The same thing.

Q. On page P—57 I see there some valves in small amounts.

A. Yes.

Q. What is the largest amount of that item on Page P—57?

A. I think the largest item is for spar-buoys.

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Q. Spar-buoys, twelve at $1,600. What kind of spar-buoys were these?

A. The name is given on the acount, the shape of the buoy. It has a long goose-neck, a narrow, slender body. It was designed specially by Captain, now Admiral, Folger of the United States navy.

Q. The description that is given there is not complete?

A. They are spar gas buoys.

Q. And there is a great difference between 'spar gas buoys' and 'spar-buoys' pure and simple?

A. Yes, sir.

Q. With regard to the figure of $1,600 there for the gas spar buoys, how did you come to place it?

A. To arrive at it?

Q. Yes.

A. The price was quoted by the company, and in comparison with prices formerly paid, was reasonable.

Q. Are those the same kind of gas buoys that were bought in 1887?

A. No, not that particular type of gas buoy. As I said, the spar gas buoy was designed by Captain Folger of the United States navy, who was in charge of the New York station, especially for ice. It was adopted by the department, and fifty buoys were procured for the ship channel, because in the fall of the year we would have ice to contend with, and these buoys are the best type we can get for the purpose.

Q. Are these better buoys than were purchased in 1887?

A. As a matter of fact, we did not purchase in 1887 any buoys of that particular shape.

Q. Spar gas buoys are dearer than the ordinary gas buoys.

A. No, they are cheaper.

Q. They are cheaper?

A. Yes, at least they are a variation of what may be called the 'stanfard' gas buoy. We have paid $1,750 for standard gas buoys, and these spar gas buoys have practically the same contents of gas at $1,600.

Q. And they cost $1,600?

A. Yes.

Q. Then I see that there are some buoy lanterns, too?

A. Yes, sir.

Q. These are quoted at $300. How did you come to make that figure? To pay that sum?

A. The price is $150 less than the previous purchases made by the department before I took charge of the work for the same lantern, and is nearly one-half cheaper than the department paid in 1887 and subsequently for lanterns. The price was a reasonable one in comparison with what had been paid in the past.

Q. Now, if you take page P—55, the account of F. L. Brooks & Co., I see that you have bought a lot of articles there; are all those articles mentioned in this account as having been purchased under your control?

A. Yes.

Q. What was to be done with the articles which are mentioned in that account?

A. They were used for the equipment of the lighthouse depot at Prescott.

Q. I see the first article is a Hendey-Norton lathe, $1,250. Will you explain in a few words what is the nature of these articles that are mentioned?

A. In addition to the lathe there are a lot of extra tools which were required with the lathe, lathe tools, small tools for turning off material that is placed in the lathe, chucks intended for holding the same, pipe centre for holding pipe that might be placed in it, and extra equipment in connection with that particular lathe.

Q. How did you come to fix the price at $1,250?

A. It was the price quoted to us, and it appeared to be a reasonable price, and was accepted by the department.

Q. There are 29 lenses, $4,750. Please explain to the committee what that is?

A. These were French lenses ordered for comparison with English lenses. Up to that time purchases had been made by the department for about 45 years of lenses from Chance Bros. of Birmingham. It was decided to test the material of the other and larger firm of Barbier, Benard & Turenne, of Paris, and to see if their goods were as good as the others.

Q. How many manufacturers of lenses are there in the world?

A. There are only two that amount to anything; the others are very small concerns.

Q. The department used to buy from Chance Bros., and this year you asked for quotations from another firm in Paris as well as from Chance Bros.?

A. We had these quotations from Chance Bros.; we have their standard price list at all times, and we do not have to ask for any quotations from them.

Q. What are the names of the two companies?

A. The Chance Bros., of Birmingham, England, and Barbier, Benard & Turenne, of Paris, France.

Q. Now there is a steel derrick, was that necessary for the equipment of your depot?

A. That steel derrick was not used for the depot, but it was used for a scow that was sent to the ship channel.

Q. For the ship channel of the St. Lawrence?

A. Yes.

Q. Below Montreal?

A. Below Montreal.

Q. What is the price of this derrick?

A. We supplied them with a plan of the derrick we required, they quoted a price and the price was accepted.

Q. Now there is a 15" Hendey-Pillar Shaper, was that for the depot?

A. Yes, that was for the machine shop.

Q. Was it necessary?

A. Yes.

Q. What was the price?

A. In fact I may say that all these prices, with the exception probably of one or two, were determined in much the same way, the price was accepted by the department.

Q. Now there are two Jones Underfeed Stokers, $2,550. Was that the price accepted by you and under what circumstances was it accepted?

A. The price was accepted by me.

Q. Was it certified by you?

A. Well, before the department put in these Stokers at Prescott, the Wiser Distillery Company put in four in their distillery and I took the matter up with Mr. I. P. Wiser, the manager of the Wiser Distillery, and he stated that the price quoted for four was $1,000 a piece. He informed me that same engine and fan equipment was required for two as for four and he thought one or two could not be obtained for less than $1,250 each. They had their equipment running and it appeared to be a reasonable price.

Q. That was how you arrived at the price of the particular item?

A. Yes.

By Mr. Taylor:

Q. Whom did you talk with about that?

A. With Mr. I. P. Wiser, the Manager of the Wiser Distillery.

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By Mr. Brodeur:

Q. He is a good business man, a prosperous business man?

A. I think he is a good business man, he is certainly a prosperous one.

Q. Now, I see afterwards one Goldie & McCulloch return tubular boiler, 55"x 14", complete, $975. Will you explain to the committee about that?

A. As a matter of fact the department did not order a Goldie & McCulloch boiler at all. They sent out to this particular firm a specification for a 75 h.p. boiler.

Q. Which firm?

A. To Brooks & Co. The reasonableness of the price for a first class boiler, with all fittings, was determined in this way, viz.: at a price per horse power, which is not perhaps an exact rule, but which in many cases works out, with first class workmanship, and gives a very fair approximation; I found that the firm submitted a specification and blue print of this Goldie & McCulloch boiler which figured out about the same horse power as the other and was accepted by the department.

Q. So that you determined and fixed the price by the number of horse power.

A. At a certain rate per horse power, $12.50 per h.p.

Q. I see one Sturtevant engine at $960?

A. Is that a 7"x 7"?

Q. Yes?

A. As a matter of fact the department bought two Sturtevant engines of this size.

Q. They bought two?

A. Yes, of the same size. The first one the department bought they paid $960, but the price of the second one is charged at $500. The reason of that is that the price of the first one did not appear, after inquiries, to be a reasonable one, and when the department bought the second engine the matter was adjusted in that way by paying $500 for it.

Q. You certified to the first account of $960, and after doing so you obtained some information and when you came to buy another engine you reduced the price of the other one to $500 in order to adjust the two payments?

A. Reduced it to $500, yes.

Q. Do you consider that the price paid for the two is a reasonable one, after having obtained further information?

A. It appeared to me to be so at the time.

Q. Now, there is a Beatty Hoisting engine, $1,100. How did you come to fix that price for that engine?

A. Well that Beatty Hoisting engine was an exact duplicate of one which was on the *Scout* at the time this was bought. With regard to the question of price for that particular hoisting engine, I talked the matter of price of the *Scout* hoist over with the late Captain Allison, in the spring of 1902, and I am under the impression that, at the time, he said that was about the price the Railways and Canals Department had paid for one which they installed, on the *Scout*.

Q. And you based your prices on that information?

A. On that information.

Q. Then there is one Sturtevant automatic engine, that is the one you referred to?

A. That is a similar one.

Q. $550, is that the one you referred to a few minutes ago?

A. That is not the one.

Q. What about the price for this one?

A. That is a size smaller, and the price appeared to be reasonable.

Q. An Underwriter's pump, 1,000 gallon pump, $1,550. Can you tell us how you came to fix the price of that one?

A. That is the same way as the others. The price of over $1,500 was supposed to be the price at the time.

Q. Did you endeavour to get information with regard to this one?

A. I made some inquiries about it.

Q. I see there are some special high-pressure mantles too?

A. High-pressure mantles at $20 per hundred, 20 cents each; we were paying Chance Bros. and others 55 cents for the same kind of mantle, and these were made in Canada; the price is certainly reasonable.

Q. There is an item here for British Columbia fir at $42.50. How did you come to fix that price?

A. Well, that price was fixed, I think the same way as the others.

By Mr. Taylor:

Q. How did you come to ask Brooks & Co. to fix prices on lumber, an article in which they do not deal at all?

A. The same remark might apply to any item that is there in addition to the fir. The point of the whole thing is that we had received from Mr. Merwin, who represented the Brooks & Co., and who was agent of the Safety Car Heating and Lighting Company, such excellent prices in dealing with him that we naturally supposed we would get the same treatment in regard to the fir and these other articles as we had previously.

By Mr. Brodeur:

Q. The department has been purchasing from the Pintsch Company for many years. Did you make any comparison of the prices that were paid some twenty years or fifteen years ago, and the prices paid to-day, not only in connection with these particular items, but in regard to other items, and did you find out that the department had been paying less in 1904 and 1905 than they would have paid if they had paid the same prices that were charged in 1887?

A. Yes, the prices that have been given to us by the Pintsch Company were such that the saving over the prices paid in the past will not only pay the extra profit which appears to be in connection with the Brooks Company's account, but will more than pay for the whole items questioned.

Q. Now then we will take up page P—57.

A. I think you took that up already.

Q. Then on page P—97?

A. I think the same explanation I have given would apply practically through to all the items upon that list.

Q. I see one upright automatic Sturtevant engine, $550, is that the one to which you refer?

A. No, sir, that is not the one.

Q. That is not the one?

A. No.

Q. Now, on page P—98 I see there are eighteen spar buoys there at $1,600, those must be spar gas buoys?

A. Those eighteen, and the twelve and other spar buoys were part of one order of fifty, delivered at different times. The order was placed for fifty buoys at one time, and these eighteen and the twelve and other numbers are part of that.

Q. I see there are some store holders, 29 at $875; will you explain to the committee what these are and how you came to fix the prices?

A. Store holders are used in lighthouses between Montreal, Kingston and in the Parry Sound district for holding compressed acetylene gas. The department had paid, before I took over the work, more than $1,200 for the same storeholders.

Q. For the same storeholders?

A. Exactly, the same capacity.

Q. The same that you paid $875 for?

A. Yes, exactly the same capacity.

Q. You obtained that reduction?

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A. I purchased the storeholders for $875, and then later on the department thought it would be necessary to purchase more, and prices were obtained, personally by me, from the Continental Iron Works, Brooklyn, N.Y., and they wanted $1,400 for the same thing.

Q. I see gas receivers on that page P—98, will you explain to the committee what those are?

A. These are small gas receivers practically of the same size in use on the railroad cars. They were used by the department for the lightships in Lake St. Peter and Lake St. Louis, because it was not possible to get a large standard storeholder in the lightships without cutting out the deck of the boat.

Q. So that on these storeholders alone, 29, we saved $6,800?

A. Which particular ones?

Q. One the prices we paid previously.

A. To which ones do you refer?

Q. Storeholders, 29, at $875.

A. The 29 storeholders are very much like the gas buoys that we have been referring to, in that they only form part of one order. There were two orders placed, one for forty-two and another for fifty, which made a total of 92, and two additional ones were provided, which made up 94 altogether.

By Mr. Northrup :

Q. What is the price of the storeholders?

A. In the Auditor General's Report you will find them charged at $875.

By Mr. Brodeur :

Q. In this particular item here we saved $6,800 on the prices paid previously?

A. On the 94?

Q. No, on the 29. You said that we paid previously $1,200, and now we pay $875.

By Mr. Northrup :

Q. You say that you saved so much on each; from what date are you comparing?

A. A couple of years preceding this report.

Q. That is between 1901 and 1904?

A. Yes.

By Mr. Brodeur :

Q. How long have storeholders been bought by the department?

A. We have bought them for some time back, but I do not see any record of anything of exactly the same size. There are some small holders which were purchased, and here is a case of a purchase in 1900 of storeholders 7 feet long at $350 each, duty free. These storeholders are 20 feet long, nearly three times the length. Of course, it is not perhaps just to make an absolute comparison in a case like that.

By Mr. Taylor :

Q. What are you comparing that with, that there is a saving?

Mr. NORTHRUP.—Between 1900 and 1904 there has been a saving of the difference between $875 and $1,200.

By Mr. Brodeur :

Q. What was the price before 1900; was it below or above what was paid for these storeholders?

A. Before what date, sir.

Q. Before 1900?

Mr. NORTHRUP.—I thought you said you were not buying them before 1900?

By Mr. Brodeur :

Q. When did the department begin using storeholders?

A. I have a quotation here in November, 1895, for storeholders.

Q. Yes, what was the price paid for those?

A. They were six feet six inches in diameter and eight feet long, and the price quoted was £330.

Q. Six feet six inches long?

A. Six feet six inches in diameter and eight feet in length.

By Mr. Northrup :

Q. How much is the price?

A. £330 f.o.b. London.

Mr. BRODEUR.—You had better put that letter in.

By Mr. Northrup :

Q. Is that a quotation or was a purchase made?

A. I cannot tell you; I do not know whether that purchase was made or not.

By Mr. Brodeur :

Q. You said that the storeholders which you bought and for which you paid $875 were each 20 feet in length?

A. I think, to be exact, they are 19 feet 8 inches in length.

Q. By how much?

A. Four feet 2 inches. Fifty inches in diameter.

By Mr. Taylor :

Q. What is that you are reading, about that quotation, what does it show?

A. It is a letter from London, England, addressed to the chief engineer of the department, and dated 27th November, 1895; it is signed by William Ryckman. I think he was connected with the company.

By Mr. Northrup :

Q. Some unknown man who has made a quotation?

A. No, no; nothing unknown about him; he was connected with the Pintsch Patent Lighting Co.

(Letter filed as Exhibit G.)

Mr. NORTHRUP.—I protest against the admission of this letter and against its being read unless the witness is prepared to show whether the department bought on that offer.

Objection overruled by the Chairman.

Letter read by clerk of committee, as follows:—

LONDON, E.C., Nov. 27, 1895.

Col. ANDERSON,

Chief Engineer, Department of Marine and Fisheries,

Government Buildings, Ottawa.

SIR,—I have been having some conversation with Mr. T. R. Saxton, our assistant engineer, who was talking to you about the conversion of some of the lights in the St. Lawrence to gas. I refer to such lights as No. 631, Algernon Rock, No. 636, Crane Island, No. 649, St. Jean, No. 650, St. Laurent, and others of the same type. In order to supply two months' supply of gas there would have to be two holders, each about six feet six inches in diameter by eight feet long; these together with the pipes, regulator, valves, &c., &c., would come to £330 (three hundred and thirty pounds) delivered f.o.b. here, or three hundred and forty-five pounds (£345) deliver f.o.b. here if an occulting apparatus had to be added. If only one month's burning was required

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one of the holders could be dispensed with and then the price would be delivered, f.o.b. here, for one holder, regulator, burner, pipes, valves, &c. £185 (one hundred and eighty-five pounds) or £200 (two hundred pounds) if an occulting apparatus was required.

'We could arrange to supply you with gas from the gas works which we are to build at Montreal at the same price as we sell it to the railway companies, namely $5.10 per thousand cubic feet delivered at our Valve at No. 4 Basin Lachine Canal, and there is of course beside you gas works at Quebec, which might be made use of to supply high pressure oil gas to lights in the lower St. Lawrence.

'I am rather inclined to think that if the oil gas system were applied generally to lights in the St. Lawrence that it would prove cheaper and more efficient than the present system, but unless it were decided to extend the system to such an extent that a steam barge could be constantly kept going carrying the high pressure gas I do not think it would prove any cheaper than the present system. Perhaps a beginning might be made with some of the more important points, and then if it were gradually extended every year the steam barge carrying the gas would be doing more and more work and its expense would be spread over a greater number of lights and I think some economy might be effected.

'We should be very pleased to supply you with apparatus for one or two lights before going into the larger scheme, and we shall be pleased to furnish you with any facilities we can, and with every information in our power.'

I am, sir,

Your obedient servant,

(Sgd.) WILLIAM RICKMAN.'

WITNESS.—If the Chairman of the Committee will permit me I would like to state in reference to the objection made by Mr. Northrup that the question of the prices paid for these storeholders was determined in part by another specific offer from the Continental Iron Works, asking $1,400 for the same articles that we paid $875 for.

By Mr. Northrup:

Q. Am I to understand that you fixed your price for $875 on the offer of the Continental Iron Works?

A. No, that was afterwards.

Q. Then what was the point in that statement if it was not that the offer of the Continental Iron Works determined the price?

A. It demonstrates the reasonableness of the price.

Q. That it is a reasonable figure because the other firm charged so much.

A. We expected at the time I speak of, when this offer of the Continental Iron Works was received, that we would require some additional storeholders, and their price was obtained and, of course, their price was an exhorbitant one in comparison with what we have paid.

Q. Where is the Continentl Iron Works situated?

A. The Continental Iron Works are located in Brooklyn.

Q. I do not quite understand the point in reference to the Continental Iron Works quotation. Do you justify the payment of $875 by the fact that the Continental Iron Works asked $1,400?

A. No, but I say that if $1,400 was considered a reasonable price at which the Continental Iron Works could supply us with these goods that it was a reasonable price when we paid $875.

Q. Well, then that is the point, it is as I say, that you justify the payment of $875 by the fact that the Continental Iron Works wanted $1,400?

A. Yes, that is the point.

By Mr. Taylor:

Q. What action did the department take on that letter?

A. I cannot say, a reference to the files will show.

Q. You have no doubt referred to the files?

A. This copy is from the files.

Q. You have referred to the files?

A. Yes, I say this letter is copied from the files.

Q. Do you not know that Colonel Anderson rejected it and reported against the change altogether, the change from the one system to the other?

A. From oil to gas, he was perfectly justified in doing it, I quite agree with him.

By Mr. Brodeur:

Q. You agree that he was right in rejecting the offer?

A. No, no, not in rejecting the offer of this particular item, but in rejecting the change in the proposed system from oil to gas.

Q. That is in the lighthouses?

A. Yes. I think the records of the department do not show that Colonel Anderson disapproved of the use of oil gas or acetylene for buoys. He did not disapprove of it for gas buoys, anything on the files goes to show the contrary.

Q. Colonel Anderson was opposed to the change to acetylene for oil gas for the lighthouses?

A. Pardon me, Colonel Anderson objected to the installation of individual generators in the lighthouse system throughout Canada, and in that I quite concur with him. The department has never had any policy for installation of the acetylene generally throughout the lighthouse service.

Q. And the department has accepted Colonel Anderson's suggestion with regard to the lighthouse.

A. Well, I supose it is a negative acceptance of it. It has never been done. I never reported it should be while I had charge of that work. There has been a few special cases where we put in acetylene generators, for instance, on the Western Island and Red Rock, Georgian Bay, where we want to keep our lights going for fifteen or twenty days after the ice forms. In that case we take the lighthouse-keeper away and let the generator run; but there are very few cases of that nature.

Q. Will you take communication of an account of May 31, 1892, for two gas buoys with lamps and occulting apparatus complete, 750 pounds—1,500 pounds. Tell us what is the nature of the gas buoys referred to there?

A. 750 pounds.

Q. How will they compare as far as prices are concerned?

A. I cannot do that without obtaining further information as to the construction of the buoys and their capacity. The information can be obtained but I cannot tell it at the present moment.

Q. Will you find out?

A. Very good, sir.

Q. Will you take communication of this letter (handing witness a letter) of December, 1892, addressed by Mr. Rickman to Mr. Smith, Deputy Minister of Marine at that time, and tell us whether any action was taken on the offer therein contained?

A. I have no knoweldge, sir, whether that offer was accepted by the department or whether anything was done in reference to it.

Q. Will you please ascertain whether the offer was accepted and also what is the nature of the gas buoys mentioned in this account (handing witness account) of August 21, 1902—two gas buoys and occulting apparatus complete, 1,500 pounds. How do they compare with the existing buoys that you bought during the year 1904-5. Take communication of a letter of January 26, 1900, and tell us whether the offer which is contained in it has been accepted?

A. I think it has, but I am not sure enough about that to state.

Q. Will you take communication of an account of June 13, 1902, with regard to the price of these gas buoys?

A. I may state, this price of $450 was paid. I do not require to look that particular item up.

Q. What was the price for the lanterns since their introduction into the country?

A. Well, the price was £120, or $584.

Q. Then, how did you reduce it?

A. As to the first deduction of $450, I do not really know how the reduction came about. It does not come within my knowledge. Afterwards the price was further reduced to $300 and again raised to $345, because we required the interior construction to be made of nickel instead of copper.

Q. At page 101 I see an item with regard to submarine signals established at the following places: Point Snell, P.Q.; Yarmouth, N.S.; Beaver Island, N.S.; Louisburg, N.S., and Chebucto Head, N.S., $3,000. Will you please explain to the committee where those stations have been established?

A. At the points mentioned.

Q. Yes?

A. We have established the Chebucto Head station. The apparatus for the other stations is in store. We have not established the others yet because there was a difference of opinion between the Shipping Federation and the Submarine Signal Company as to the price which was to be paid by the Federation for the use of the receivers.

Q. The department has got those stations in store?

A. In store at Halifax.

Q. It is expected that the stations will be established at those places.

A. At those places.

Q. And it is still the intention of the department to do that?

A. I would not say that exactly. It may perhaps be better for us to change the position somewhat in three or four places.

By Mr. Northrup :

Q. Is the system of lighting the St. Lawrence the same to-day, Mr. Fraser, that it was five or six years ago?

A. Do you refer, sir, to the lighted buoys or the lighthouses, or any part of it.

Q. We will take them both. Take the lighthouses first.

A. Taking the St. Lawrence, upper and lower, the system below Quebec, as far as lighthouses are concerned, is the same. There has been a partial change in the lighted buoys below Quebec by the introduction of acetylene instead of Pintsch gas. We have both systems there at the present moment.

Q. Below Quebec you have both acetylene and Pintsch gas?

A. Both acetylene and Pintsch gas.

Q. And above Quebec?

A. In the next division, from Quebec to Montreal, there has been no change in the lighthouses whatever. In that division the gas buoys have all burned acetylene. As a matter of fact, up to the time the hon. gentleman speaks about, five or six years ago, there were not more than two or three gas buoys at all. In the division of the upper St. Lawrence there has been a change both in the lighthouses and in the gas buoys.

Q. And what is burned in the lighthouses now in the upper St. Lawrence?

A. In the upper St. Lawrence—acetylene.

By Mr. Brodeur :

Q. In the lighthouses?

A. Yes, sir; the storeholders were used for the purpose of containing the compressed gas.

By Mr. Northrup :

Q. And also in the buoys?

A. Also in the buoys.

Q. So that we have acetylene above Montreal both in the lighthouses and in the buoys?

A. Correct.

Q. Ten years ago, say above Montreal, had we coal oil in the lighthouses?

A. Coal oil in the lighthouses.

Q. No gas buoys?

A. No gas buoys at all.

Q. When were gas buoys first introduced above Montreal?

A. I think in the year 1901 the Department of Railways and Canals introduced them in the stretch between Lachine and Prescott.

Q. And what kind of buoys were used then?

A. Pintsch gas buoys.

Q. And how long did they continue to be used?

A. They continued to be used from the time they were put in—I think perhaps 1900 is the correct date—from 1900 until the spring of 1903, three years.

Q. And then Pintsch gas was done away with and acetylene was substituted for the Pintsch gas?

A. Yes.

Q. Did that entail any expense?

A. The buoys were the same, but we had to change the burners. We had to put in special burners for acetylene instead of the Pintsch burner which was previously used.

Q. Could you give any idea as to the expense to the department of effecting the change?

A. If you ask me the actual cost of changing from Pintsch gas to compressed acetylene I should say it cost $2 or $3 per buoy. That is the actual average cost of the change.

Q. That is what the department paid on the average for the change.

A. The burners could not possibly cost more than $2 or $3.

Q. So that the change from Pintsch gas to acetylene, I understand you to say, would not have cost more than a couple of dollars per buoy above Montreal?

A. I am speaking of the actual material change in the buoy itself, in order to adapt it to the acetylene gas.

By the Chairman :

Q. Change in the apparatus?

A. Change in the apparatus. I am speaking of the two together, taking the buoy as a whole.

By Mr. Northrup :

Q. I am speaking of the change from Pintsch gas to acetylene. You say the cost of making the change would not be more than a couple of dollars?

A. I have stated that $2 or $3 will change a Pintsch gas buoy into one that will enable it to burn compressed acetylene instead of oil gas.

Q. Then how did the price of the Pintsch gas, as a gas, compare with the price of acetylene?

A. We paid $5.10 for Pintsch gas delivered at Guy Street basin, Montreal. The acetylene gas costs us $7.50 a thousand. But the latter has from five to seven times as much light giving power as the other for the same volume of gas burned.

Q. It costs on the average 50 per cent more, but gives better lighting?

A. It has from five to seven times more candle power than the other gas.

Q. Did the Pintsch gas buoys ever explode?

A. Not as far as I have any personal knowledge.

Q. Do the acetylene gas buoys occasionally explode?

A. Do you mean do they, or did they? We have had two experiences.

Q. Have you not had more than two?
A. Not with compressed gas.
Q. One in Kingston?
A. One in Kingston and one in Parry Sound.
Q. Then there has been one down near Halifax in another division, has there not?
A. Yes, but that was a different type of buoy.
Q. But it was acetylene gas?
A. That was acetylene gas, yes.
Q. At all events there have been explosions and loss of life.
A. In two instances.
Q. As a matter of fact do these acetylene gas buoys go out occasionally?
A. All gas buoys go out occasionally.
Q. So these do go out?
A. Yes, both the Pintsch gas buoys and the acetylene gas buoys occasionally go out. There is no floating aid to navigation which is absolutely reliable.
Q. Which is more likely to go out?
A. Under the new arrangement and system of multiple burners and inspection we have at the present moment, I should say, one is just as reliable as the other.
Q. Was the system of inspection as good in the case of Pintsch gas as it is now in the case of acetylene?
A. I do not know how thorough the inspection was—I am speaking from memory—under the Department of Railways and Canals.
Q. Then you have a boat going about all the time to see that these acetylene gas buoys are lighted?
A. Not especially for that purpose. Sometimes the buoys are carried out of place in the swift current and the steamer would see that they are in their proper position.
Q. And see that they are lighted?
A. They naturally see that they are lighted, too.
Q. When this change was made from Pintsch to acetylene gas were you the engineer at that time?
A. Yes.
Q. Engineer in Charge of the Aids to Navigation?
A. Yes.
Q. Col. Anderson, I believe, was head of the lighting department at that time?
A. Correct.
Q. Do you know if there was a report made on this proposed change?
A. As to whether a change should be made, I think not.
Q. Were you asked to make a report?
A. Certainly.
Q. How did you report? In favour of changing to acetylene gas?
A. I reported in favour, yes.
Q. And how long after that was it that you were appointed to the Inspectorship?
A. It was the best part of a year after, I think.
Q. As soon as the department began to install this acetylene gas?
A. Pardon me, I think it was more than a year.
Q. As soon as you began to install this acetylene gas you took charge as Inspector did you not?
A. I do not quite understand the question.
Q. As soon as the department began to install the acetylene gas you were appointed Inspector were you not?
A. That is not correct. The department under Col. Anderson did a certain amount of acetylene work before I had anything to do with it, and in the larger number of the individual lighthouses in Canada which burn acetylene gas, the work was carried out under Col. Anderson's directions.

Q. Referring to the lighthouses, I think you told us that it was only a few Quebec lighthouses that used acetylene gas?

A. Compressed acetylene gas. I am speaking of the individual generator at each lighthouse.

Q. That is too technical for me.

A. It is really very simple.

Q. Your lighthouses formerly were lighted in a certain way with coal oil?

A. Correct.

Q. Now about Montreal. They are lighted with acetylene gas?

A. With compressed acetylene gas.

Q. At what date was that change made?

A. That change was made, I think, about the middle of 1903.

Q. About the middle of 1903. When that change was made what was your position?

A. Engineer in charge of the aids to navigation between Montreal and Kingston.

Q. How long after did you become superintendent on the service?

A. Of the work as a whole? In the fall of that year.

Q. Superintendent in charge of the St. Lawrence above Montreal?

A. I was in charge at that time.

Q. I thought you were engineer and then became superintendent afterwards.

A. Engineer in charge of aids to navigation between Montreal and Kingston from the spring of 1902 to the fall of 1903. After that Commissioner of Lights.

Q. I was confusing the two terms. Then shortly after the compressed acetylene gas was installed in the lighthouses you became commissioner of lights?

A. Yes.

Q. What was the date at which you made your report in favour of the change in the buoy lighting?

A. I think it was in the spring of 1903, I could not tell you the exact date.

Q. I understood you to say that Colonel Anderson reported against the acetylene gas being introduced into the lighthouses?

A. There is no single comprehensive report by Colonel Anderson with reference to that particular matter, but there is a number of individual reports with reference to the lighthouses in different places which burned acetylene, and the concensus of the different opinion expressed by him is that he did not approve of the introduction of individual generators in lighthouses throughout Canada any more than I did at any time (except in special cases).

Q. You mean to say the introduction of individual generators, you are not speaking of the whole?

A. That is a good term. Individual generators have been installed in a few cases where there were especially good reasons for it.

Q. Only in a few cases?

A. Only in a few cases.

Q. The other lighthouses above Montreal you lighted——

A. Lighted with coal oil. Between Montreal and Kingston the lighthouses burn compressed acetylene gas, above Kingston coal oil.

By Mr. Brodeur:

Q. You have store holders, or a boat, with which you deliver the acetylene gas.

A. We have to have a boat on the river all the time.

By Mr. Northrup:

Q. How many lighthouses are there between Montreal and Kingston?

A. Roughly speaking about 40.

Q. Then I understand in the first place both you and Colonel Anderson objected to this system except in individual cases.

A. Objected to the installation of individual generators throughout the lighthouse service generally.

Q. And that has not been done?

A. That has not been done.

Q. And what was done was to introduce acetylene lighting in these lighthouses, the lighthouse being supplied by a steamer?

A. The acetylene was supplied by the boat. I may point out that the conditions must be exceptional before that can be done. You must be able to get the steamer within three or four hundred feet of the lighthouse. We could not if we wanted to, without great expense introduce the same system in the ship channel between Montreal and Quebec for the reason that we cannot reach our lighthouses with our gas hose.

Q. I want to find out—I tell you frankly—about the changes in the lighting above Montreal. Ten years ago our lighthouses were lighted with coal oil?

A. Correct.

Q. And then a change was made and the lighthouses began to be lighted with acetylene gas?

A. The gas buoys were at first lighted——

Q. I am taking one thing at a time. We start with the fact that the lighthouses were first lighted with coal oil?

A. Yes.

Q. Then it came to compressed acetylene gas?

A. Correct.

Q. And you continued the same to this day?

A. To this day.

Q. There was no change in the gas used there?

A. The Railways and Canals Department had control——

Q. Just tell me please, yes or no. I want to know if there was any individual case in which Pintsch gas was used?

A. Yes.

By Mr. Taylor:

Q. In the lighthouses?

A. In the Lachine Canal lighthouse, the head lights of the Lachine Canal?

By Mr. Northrup:

Q. I do not care who put it in. In the first place we had coal oil and then Pintsch gas in some lighthouses?

A. In six lighthouses.

Q. Pintsch gas was used in six lighthouses?

A. Yes.

Q. And with the exception of these six the lighthouses were supplied with compressed acetylene gas?

A. Yes.

Q. And those six that were in the intermediate stage and were lighted with Pintsch gas, how are they lighted to-day—with acetylene gas?

A. By electricity, because they form part of the canal system, with the exception of the two at Lachine Canal.

Q. Have we any buoys along the St. Lawrence?

A. No gas buoys at all ten years ago.

Q. No buoys that gave light at all?

A. No buoys that gave light. We had three light ships, but not buoys.

Q. How many light ships?

A. Three.

Q. But no buoys. Then, when you started your gas buoys on the St. Lawrence, was it Pintsch gas you used?

A. Well, we did not start. The Department of Railways and Canals started that Pintsch gas.

Q. When it was started it was with Pintsch gas?

A. Pintsch gas.

Q. Then how long was the Pintsch gas continued in the buoys?

A. As I say, I am not clear as to the date when these buoys were first put out. I think it was in 1900.

Q. And then, two or three years after, a change was made from Pintsch gas to compressed acetylene gas?

A. Two or three years afterwards a change was made.

Q. And now your buoys are supplied by this supply boat, is that it?

A. We call it a lighthouse tender.

Q. It takes gas around to fill the gas buoys?

A. It is made as it is required on the deck of the boat.

Q. Who supplies this acetylene gas as now used?

A. Nobody supplies the gas, we make the gas ourselves. It is made out of carbide of calcium. We buy the carbide and make the acetylene gas as it is required.

Q. You buy from whom?

A. The Ottawa Carbide Co.

Q. Have you been buying from them all along?

A. We have never purchased from any person except from the Ottawa Carbide Co.

Q. And this carbide is the basis of your acetylene gas?

A. Mixed with water it makes acetylene gas.

Q. So that the Ottawa Carbide Co. have all along, since the compressed acetylene gas was supplied, furnished the carbide for that gas?

A. They have furnished the carbide for a period of three years. In the first year the quantity used by the department was comparatively small and did not amount to anything. Purchases were made from the Ottawa Carbide Co. without asking prices from anybody else. And the second year prices were obtained from three carbide companies in Canada. The third year, that is the present year, tenders were asked for?

Q. You spoke about the difference in the price of these buoys years ago and now?

A. Yes.

Q. When you changed from the Pintsch gas to the compressed acetylene gas, did that necessitate a change in the buoy?

A. No, I thought I made that clear to the hon. gentleman. It was only a question of a change in the burner of the lantern; there was no change in the buoy body.

Q. So you have been able to utilize all the old buoys you had?

A. We are utilizing them now.

Q. You spoke of high pressure and low pressure. When you first started with Pintsch gas was that high or low pressure?

A. All Pintsch gas buoys are high pressure buoys.

By Mr. Brodeur :

Q. Not all your gas buoys?

A. Not all the gas buoys, but the Pintsch gas buoys, whether burning oil or acetylene.

By Mr. Northrup :

Q. So, when that acetylene gas was introduced you had all high pressure buoys?

A. Yes.

Q. You still have high pressure buoys?

A. We have not bought any since the fall of 1904.

Q. You are now buying low pressure buoys?

A. Low pressure buoys.

Q. What is the reason of that?

A. In the first place, one of the advantages is the fact that we can put them out in isolated places. For example, Port Arthur district has two gas buoys. The gas is contained in the buoy body. We do not have to ship gas by railway as we did from Montreal to Parry Sound to supply the Parry Sound service.

Q. I do not quite understand. What I want to get at is why you used at one time high pressure buoys and at another time low pressure buoys? You manufacture the gas on your buoys?

A. Each buoy makes its own gas. Another point is that our standard gas buoys will last, when they are charged, for more than a year. I just noticed before I came over, the return of the Halifax harbour gas buoys, and the record is 51 weeks, with enough to last two months more. The Pintsch gas buoys will not last as long as that.

Q. I notice you are buying a large number of these spar buoys?

A. We did buy.

Q. You bought a great many. Did they replace the other buoys?

A. No, they were for an extension of the service. At that time they were intended for the lighting of the ship channel between Montreal and Quebec. and they were purchased for that purpose.

Q. I notice that a derrick and some other goods were purchased for below Montreal, and they were charged up to above Montreal?

Q. As far as charging above Montreal is concerned, I am not responsible for that. I did not know of that. But the derrick the hon. gentleman refers to was intended for a scow for the ship channel which was built at Prescott because we had facilities there for doing it. It was sent down to below Montreal after it was built.

Q. But still it was built above and used below Montreal?

A. Built above and used below Montreal.

Q. And although built above and used below Montreal it was charged above Montreal?

A. It appears to be.

Q. A number of spar buoys were charged above Montreal, too?

A. I think that is the construction of lights, general account, is it not?

By Mr. Macdonald:

Q. Did I understand you to say that this derrick was taken to Prescott and put ont the scow you built there?

A. Yes.

Q. You built the scow at Prescott?

A. The scow was built at Prescott.

Q. And the derrick was put on the scow and then after the whole thing was completed it went down the St. Lawrence?

A. Went down the St. Lawrence.

By Mr. Zimmerman:

Q. How many lights are there between Montreal and Quebec?

A. Between Montreal and Quebec? You mean lighthouses?

Q. No, I mean gas buoys?

A. Of gas buoys there would be 45 probably.

By Mr. Brodeur:

Q. Before these gas buoys were installed was it possible for any steamship to go through at night to Montreal?

A. Not possible.

Q. Is it not now done?

A. It is.

By Mr. Northrup:

Q. You told us that the price of lanterns had fallen from $600 to $300?

A. Practically from $600. If the hon. gentleman will notice there he will find three prices in the Auditor General's Report for lanterns. There is one price of $295 for an acetylene lantern, then there is $300, and $345.

Q. How do you account for the price falling off so in the lanterns?

A. I do not know. I am quite satisfied that the Pintsch Company would still charge $450 for them if the department had not objected. When I say the department I mean myself.

Q. If the price of lanterns had fallen so, was it not reasonable to suppose that the price of buoys would fall too?

A. Yes. I can see possibly where the price of lanterns might be reduced more than the other.

Q. Would you not expect the price of buoys to have been reduced considerably during the last ten years?

A. It might or might not.

Q. Would it not be reasonable to suppose that if the price of lanterns and other manufactured articles of that kind had fallen off the price of buoys would have fallen too?

A. I cannot answer that question, because I am not conversant with the manufacturers' cost on those articles, and I do not know what profit they make on them.

Q. You are giving expert evidence as to these prices and it comes out in your evidence that the price of lanterns has fallen off?

A. Yes.

Q. Would you not expect the price of buoys to have fallen off?

A. In the same proportion?

Q. I am not saying anything about the same proportion. Would you not expect there would be a large reduction?

A. I think there has been a large reduction in the price of buoys. I think that can be demonstrated.

Q. To anybody or to the government?

A. Nobody uses them but the government.

Q. Different governments use them?

A. Yes.

Q. What was the American system of lighting the St. Lawrence above Montreal ten years ago?

A. I do not know whether they had any gas buoys ten years ago. If they had they were Pintsch gas buoys.

Q. What were their lighthouses lighted with?

A. Coal oil.

Q. And what are they lighted with to-day?

A. Coal oil.

Q. What kind of gas are they using now?

A. As a matter of fact they are not using the same size of gas buoys.

Q. They are using Pintsch gas at all events?

A. Yes.

Q. Do you happen to know by what light the River Mersey is lighted?

A. I think the Mersey Dock and Harbour Board are using Pintsch gas, but they are making inquiries about acetylene lighting from the department.

Q. Do you happen to know how the Thames is lighted?

A. I am not sure, but my impression is it is lighted with Pintsch gas.

Q. Do you happen to know any country which started off with this compressed acetylene gas before Canada did?

A. Canada is the first country which did.

Q. We took the lead in making the experiment?

A. Yes, and I think we will have credit for it in the end.

Q. Now, as to some of these prices that you have told us about. I do not care to go into that at any length, but there were a number of articles you bought from Brooks & Co., in regard to which I understood you to say the prices were reasonable in the past, and so you accepted the offers for goods that they might forward.

A. Correct.

Q. You knew, of course, that Brooks & Co. were not manufacturing these boilers or other things which the government purchased?

A. Yes, they were commission agents.

Q. Did you make any attempt to go direct to the manufacturers and buy from them?

A. No.

Q. Did you make any attempt to find out who the manufacturers' agents were in your district and buy from them?

A. I did not.

Q. You just gave the order to Mr. Merwin, assuming his prices to be correct?

A. Yes.

Q. You mentioned one, or rather two, engines or boilers that were bought from Goldie & McCulloch?

A. There were two boilers, yes.

Q. One you say was $975, was it?

A. You are speaking about the Sturtevant engine?

Q. Perhaps I misunderstood what you said. I thought you said there were two boilers, one much cheaper than the other.

A. One $960 and the other $500. On page P—104 on the last line you will see one Sturtevant engine 7 x 7, $500.

Q. And the other Sturtevant engine was how much?

A. $960, I think.

Q. How do you account for the difference in price?

A. I think I made some inquiries, and the price, $960, appeared to be a pretty high price. We required a certain one which was put in in that way.

Q. Were they identical engines?

A. Absolutely the same.

By Mr. Zimmerman :

Q. It is customary, Mr. Fraser, to purchase from manufacturer's agents rather than the manufacturers themselves?

A. When you say customary, who do you mean?

Q. By the department. The railway companies do it, I know, altogether?

A. I think they do.

By Mr. Northrup :

Q. Here are the original invoices. The first one that you paid $960 for was a 7 x 7 vertical with an automatic cut-off?

A. Yes.

Q. The next one was a 6 x 6?

A. A different size.

Q. A different size, you say? The first one, according to the evidence given this committee cost Mr. Merwin $335 and the second one only cost him $262.

A. So I would observe.

Q. So that although you got the price cut down it was a much smaller engine?

A. It is not correct as to that one, sir. There must be another invoice somewhere exactly the duplicate of that. There must be another exactly the same, 7 x 7. There is really no question about that it appears in the Auditor General's Report.

The ones you refer to are of two sizes. One was 6 x 6 and the other 7 x 7. But there is another invoice exactly the same as the one first pointed out to you.

By Mr. Taylor:

Q. What did those buoys cost off Gananoque, at Red Horse Shoal? There are no lights on them, but just the buoy?

A. Are they the small red and black can buoys?

Q. Yes?

A. They are the ones I have in mind. I think they cost us about $27.50. It was a lot we sent up from the lower provinces. They are quite small, and I think we paid $27.50 for them.

Q. A piece?

A. A piece.

Q. Has that submarine apparatus been a success?

A. Yes.

Q. We have been told that it has been a total failure?

A. I think the hon. gentleman is not properly informed as to that.

Q. Of course, we know nothing about it?

A. The number of ships that are installing the apparatus on the other side, the Atlantic liners, is increasing all the time. The American government have quite a number of light ships installed, and they are increasing the number.

Q. There is one point I ask you about that I want to make clear now. You pointed out a great saving in the storeholders for which I think we formerly paid about $1,200?

A. Yes.

Q. And now you get them for $875?

A. We paid $875 for the same size and the same capacity.

Q. I understood you to say that the comparison was as between 1902 and 1904?

A. Correct.

By Mr. Zimmerman:

Q. Have you the comparison of prices for storeholders for longer back than 1904?

A. Not beyond that letter which was read as to a quotation.

Q. Perhaps you had better get that information?

A. I am afraid it would be difficult for me to get the information you require, because it is all in Quebec.

By Mr. Brodeur:

Q. All in Quebec?

A. In Quebec, yes. All these old items that you want are there, and I would have to get that information.

Q. Then will you try to find out and report as to that?

A. Shall I try to get it by wire?

Q. Yes?

A. Very good, I will do the best I can.

The committee then adjourned.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
July 7th, 1906.

The Committee met at 10.45 o'clock a.m., Mr. Roche (Halifax) in the chair, and proceeded to the further consideration of the accounts of F. L. Brooks & Co. and Geo. T. Merwin.

Mr. J. F. FRASER further examined

By Mr. Brodeur:

Q. Have you ascertained the price paid by the department some years ago for spar gas buoys, and the price paid during the year 1904-05.

A. I think, as I indicated to the commitee when I was last before them, the department has never purchased until very recently the particular type of buoy called a spar gas buoy, but they have purchased buoys which in capacity would correspond fairly with the spar buoy.

Q. Will you explain to the committee what difference there is between the standard gas buoy and the spar buoy, and what the difference in construction is?

A. Generally what is known as a standard gas buoy is a buoy that has a capacity of about 170 cubic feet per atmosphere. The term spar buoy refers solely to the shape of the buoy itself.

Q. To the shape of the buoy itself? One is a sort of square buoy and the other is a long buoy?

A. Of course a spar gas buoy may be within the limits of any shape. A spar gas buoy has a special shape.

Q. What would be the price of each of these buoys having regard to its capacity and contents?

A. The comparisons that I will make of the several gas buoys that are referred to in the last report of the Auditor General, and the first gas buoys which were purchased by the Department of Marine and Fisheries are about as follows:

1st.—Sprehical rivetted gas buoy, inner and outer chamber complete 9′ in diameter complete with gas lantern, cost the department f.o.b. London, £400.

Q. In what year was that?

A. In the year 1886 or 1887. It had a capacity of 314 cubic feet per atmosphere and the pressure allowed was 90 lbs. or 6 atmospheres, which gave a gas capacity per maximum pressure—of 6 atmospheres—of 1,884 cubic feet; that is 6 multiplied by 314. The cost f.o.b. London, was $1,944, or £400. I have added arbitrarily the freight to Quebec, $56. As a matter of fact I am quite satisfied that is below the freight charged between the two points. This made the cost of delivery at Quebec $2,000 or more. The cost of the lantern as charged at that time to the department was £120 or $584, which left the price of the buoy body $1,416. The Swift current spar gas buoys which have been referred to before the committee are more expensive and of better construction. They are of mild welded steel and complete with lantern f.o.b. Montreal or Quebec cost the department $1,600. The capacity is 169 cubic feet per atmosphere and the pressure carried 180 lbs.

By Mr. Northrup:

Q. Capacity and what?

A. Capacity per atmosphere 169 cubic feet and the pressure carried 180 lbs. or 12 atmospheres, or double the pressure allowed for the first buoy referred to. The gas

capacity at maximum pressure is 2,028 cubic feet. The freight was paid to Canada and the cost f.o.b. at Montreal or Quebec of recent deliveries was $1,600. Exactly the same lantern cost us $300 which brings the price of the buoy body to $1,300, and makes an absolute difference in the cost of the two buoys of $116, or a percentage of decrease of about 10.8, I think. Now the other method which is used in determining the price of gas buoys, is the price per cubic foot of gas content. Generally speaking the two buoys, which are capable of being charged with the same pressure, vary in price almost directly with the cubic content. The rivetted buoy referred to above, cost the department somewhat over 74 cents a cubic foot for the content and the welded buoy 64 cents per cubic foot. Figuring out on that basis there was a decrease of about 11 per cent. and it is to be noted that where an internal pressure must be carried the welded, and in this case the cheaper, gas buoy, is much superior for general service purposes and more costly of construction than the more expensive rivetted buoy.

By Mr. Brodeur:

Q. Explain to the committee why welded buoys are superior to rivetted buoys?

A. I would prefer to answer that question in the words of the Pintsch Patent Lighting Company, which supplied the first buoy to the department. I think they will probably present the case as well as can be done. On page 23 of their catalogue of 1901, the Pintsch Patent Lighting Co., of London, say: 'It is obvious that an ordinary buoy lends itself readily for adaptation to our system by the body of the buoy being converted into a holder for the compressed gas, and when the system was first introduced the gas buoys were naturally made in a similar manner, that is to say of iron or steel plates rivetted together. But although greater care was taken in their construction and the seams were even doubly rivetted and well caulked they gave rise to a great deal of trouble. It was found for instance, that after a certain number had been supplied by us to the Suez Canal Co., Canadian Government and other authorities, that the extreme variations between the day and night temperatures and consequent contraction and expansion of the metal, caused the buoys to leak, and we were therefore compelled to adopt a different method of manufacture. Our gas buoys and gas holders generally, are now made of mild steel and welded throughout, an immense improvement which not only ensures their being absolutely gas tight under any desired pressure, but also renders them perfectly proof against any conceivable change of temperature.'

That is the advantage of the welded over the riveted buoy. I have another memorandum here showing the comparison between the combined gas and bell buoys which were formerly purchased by the department and those which have been purchased recently. First a combined gas and bell buoy, the outer flotation chamber of riveted construction over a gas chamber of welded steel. Capacity, 320 cubic feet per atmosphere, Trinity pattern bell, with gas lantern, complete. Price, f.o.b. London, £750, or $3,645. I have added the freight to Quebec, $55, making the cost f.o.b., $3,700.

By Mr. Stockton:

Q. Why not make the freight what it ought to be?

A. The data was not available and I could not get it exactly. I may state absolutely that $55 is below the freight rate, and if there is any doubt I have given the benefit of it to the earlier purchase. 2. Combined gas and bell buoy single welded mild steel, automatic bell, rung by pressure of gas through the lantern, with cost of lantern complete, f.o.b. Montreal or Quebec, $2,700. Capacity, 353 cubic feet per atmosphere. Content of buoy first mentioned, 3,200 cubic feet. Content of buoy mentioned later, 3,530 cubic feet. Difference in cost, $1,000.

By Mr. Northrup:

Q. That is both the buoy and the lantern?

A. I am speaking of the buoy body. There is a difference in the cost of lanterns and I am cutting the lantern out entirely.

Q. You are speaking now merely as to the buoy body?

A. Purely the buoy body, yes.

By Mr. Zimemrman:

Q. Is that the same construction?

A. No, as I indicated above, the buoy I am speaking of now is the combined riveted and welded buoy, the first buoy. It is the older type. The newer buoy is of welded steel throughout.

Q. Is there any difference in the cost of construction as between a welded buoy and a combined riveted and welded buoy?

A. The welded buoy costs considerably more. I propose to take up that point in a moment. The percentage of difference of cost of the two buoys mentioned above is 27 per cent.

By Mr. Northrup:

Q. In twenty years?

A. In about twenty years. The cost per cubic foot of gas content of the first buoy mentioned is $1.15 per cubic foot and of the more recent type of buoy 76 cents per cubic foot.

By Mr. Brodeur:

Q. What is the first one?

A. The first one is a buoy——

Q. What is the price?

A. The absolute price?

Q. Yes.

A. $3,700. The percentage of decrease is 27 per cent. The only thing that I would like to add is the unknown percentage on the cost of manufacture of a riveted and a welded gas buoy. It is possible for any first class boilermaker to make the first type of buoy mentioned, viz., the spherical riveted buoy, and the plant which would be required to manufacture that buoy would be comparatively inexpensive. But it would not be possible to manufacture welded steel gas buoys in a commercial way without the erection of a plant that would cost at least $150,000, and a percentage of the cost of the installation of a plant of that kind would be charged to each buoy. So it is difficult to say what extra cost there would be for welded and for riveted buoys. I am speaking of buoys having an internal pressure, but I should say that the cost, at the very minimum, would not be less than 25 per cent of that construction.

Q. Twenty-five per cent of the construction?

A. I think that would be the very minimum addition for that item alone.

Q. So that 25 per cent would be outside——

A. Over and above the absolute reduction in price.

Q. In the whole case what has been the absolute reduction?

A. The absolute reduction in dollars has been $116 and $1,000.

Q. Giving a percentage of?

A. Giving a percentage of decrease of nearly 11 per cent and 27 per cent.

Q. And outside of that, you say, it will cost 25 per cent more to manufacture welded buoys against riveted buoys?

A. I consider 25 per cent would be a very liberal decrease for the different class of work.

Q. When was that decrease in price made by the Department?

A. I cannot speak from personal knowledge—during the year 1903.

Q. Now, Mr. Fraser, with regard to the general cost of manufacture, with regard to labour, is it dearer or cheaper than it was some years ago.

A. I think labour costs at least fifty per cent more than it did at that time—probably seventy-five per cent more in some lines.

By Mr. Stockton:

Q. In some lines?

A. I would say generally in connection with skilled labour—I do not speak so much of ordinary common labourers—I mean skilled artisans.

Q. Do you mean to say that it costs more for structural steel work?

A. I think you will find——

Q. Take a railway bridge, does it cost as much to build that railway bridge now as it did twenty years ago?

A. No, I do not think so.

Q. By thirty per cent?

A. Possibly not. That is due very largely to the decrease in the cost of the material.

Q. Does it cost as much to make a boiler now as twenty years ago?

A. No, I do not think it does.

Q. As a practical man, don't you know it does not?

A. I think it does not, but there are two items which enter into the construction—

Q. We are concerned in what the government has been paying for a single article. These fine calculations are well enough so far as the sum total is concerned.

(No answer).

By Mr. Northrup:

Q. I tried to take down the figures—what did a buoy, including lantern, cost twenty years ago?

A. $2,000, including lantern,—$2,000 plus whatever the freight is, you see I have underestimated the freight on that.

Q. Whatever the shortage might be on the freight. In round numbers $2,000?

A. I included the freight.

By Mr. Stockton:

Q. The $2,000 includes the freight?

A. But I have underestimated the freight in order to be fair in the matter.

Q. Would it possibly be $10 more?

A. Yes, it might be $20 more.

Q. It might be. What is your view as a practical man.

A. I should say it might be $20 more.

Q. That would be $2,020?

A. Of course there is a difference in the freight rates between twenty years ago and at present. I have no knowledge of the exact freight rates at that time. The freight from Liverpool to say, Quebec, whatever it was at that time.

By Mr. Northrup:

Q. They would be higher then than now?

A. I think perhaps they were a little higher.

By Mr. Stockton:

Q. Would it be by steamship?

A. Probably by steamship or——

Q. Or sailing ship?

A. Yes.

Q. In that case it would not be higher.

A. No.

By Mr. Northrup:

Q. We will say $2,020 twenty years ago ?

A. Yes.

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Q. How much of that went for buoy and how much for lantern?
A. All of it went for buoy except $584 for lantern.
Q. I am right in saying $584 for lantern and $1,436 for buoy?
A. Correct.
Q. What does the buoy cost in 1904-05 including lantern?
A. The same class of buoy—the buoy would cost us $1,600.

By Mr. Brodeur:

Q. With the lantern?
A. With the lantern, yes.

By Mr. Northrup:

Q. How much of that for buoy and how much for lantern?
A. $300 for lantern.

By Mr. Brodeur:

Q. That is the price f.o.b. Quebec.
A. Either Montreal or Quebec.
Q. The whole thing cost $400 less.

By Mr. Northrup:

Q. To put it in concise form, the buoy twenty years ago without the lantern cost $1,436?
A. Yes.
Q. The buoy to-day without the lantern is $1,300?
A. Yes.
Q. What percentage of decrease is that?
A. A dearease of about eleven percent, I think.
Q. That would be $136 on $1,436. The lantern has decreased about fifty per cent?
A. About fifty per cent.
Q. Do you know any other metal manufacture which has decreased as little as eleven per cent in twenty years in price?
A. As to cost of material or combined cost of material and construction?
Q. I am not referring to the manufactured article. Do you know of any other metal finished in iron or steel which has only decreased in price twenty per cent in the last twenty years?
A. That is a very broad question. There are thousands of manufactured articles.
Q. It is as broad as I can make it. Do you know of any finished product in iron and steel which has only decreased eleven per cent in cost in twenty years?
A. Well, I will answer that question by saying that I am not, except in this specific case, conversant with costs twenty years ago.
Q. Can you tell me why that lantern has decreased fifty per cent while the buoy has only gone down eleven per cent?
A. No, I cannot.
Q. Are the lanterns supposed to be better than they were twenty years ago?
A. Yes, they are better now.
Q. Now, as to the difference between welded and rivetted buoys. What is a buoy—it is an iron tank.
A. Practically an iron tank.
Q. With a couple of compartments inside.
A. In the first instances referred to as to prices, the rivetted buoy contained two tanks, an inner tank and an outer flotation chamber, while the welded buoy has only one chamber.
Q. So it is just a large iron tank, formerly in two tanks, now only one?
A. Correct.

Q. And the dimensions of that you gave us before?

A. The dimension of the first buoys referred to, the spherical buoys, were nine feet in diameter. I have cuts here of both (referring to catalogues).

Q. Give us the figures, so that we can get them down. Roughly speaking, what would be the length of the former and the length of the latter, and the cubical contents? Describe the size any way you like, how do they compare in size, or do you know the weight?

A. I can give you the weight of the shallow draught spar gas buoys, 7,716 pounds.

Q. The new spar buoy?

A. Yes. The weight of the riveted spherical buoy—I have no data that will give that.

Q. Speaking from memory—you have seen both buoys?

A. Yes.

Q. How would the old buoys compare in weight with the new buoys?

A. I should think the weight would be about the same; the shell is rather lighter.

By Mr. Stockton:

Q. If there were two chambers there would be more metal?

A. But I do not think the metal would be quite as thick.

Q. Do you know?

A. I would not say absolutely.

By Mr. Northrup:

Q. If the buoy were of equal thickness there would be more metal used in two chambers?

A. Yes.

Q. Is there anything about these buoys to make them expensive? Why should they cost more than the iron and steel in them.

A. I think, sir, in each case the buoy is a patented article, and no doubt they charge for that.

By Mr. Stockton:

Q. We are throwing aside patent rights?

A. I do not think I mentioned patent rights at all.

Q. Why do you mention them now?

A. Because Mr. Northrup is talking about why they should cost more.

Q. He did not ask about patent rights?

A. Yes, but he asked why a buoy body should cost more than the absolute cost of a rivetted article.

By Mr. Northrup:

Q. You think the cost of a buoy twenty years ago was materially enhanced by the patent rights?

A. I would say not more than at the present time.

Q. Would you say the price was very materially enhanced twenty years ago by the patent rights?

A. I would not say very materially, I would say appreciably advanced.

Q. At the present time would the price also be increased appreciably?

A. Yes, I should think so.

Q. The buoy of twenty years ago is not affected by the patent rights, owing to the limitation of patent?

A. Yes, unless the patent has been revived by changes or improvements.

Q. Speaking of that buoy, it would be free from patent rights now?

A. Yes, that particular tank.

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Q. If you were using that same buoy now it would not be affected by the patent rights?

A. No.

Q. Is there anything in these buoys—if that buoy is only a cylinder of steel or iron why should not any one manufacture it?

A. I do not doubt that any manufacturer who had the equipment could manufacture a buoy body.

Q. There should be no patent on that.

A. I am not so clear about that.

Q. I am qute clear, for this reason, first it could not be patented, and second, Mr. Merwin swore it was not?

A. I would imagine he understood the situation.

Q. Can you conceive of a patent being granted for just simply a cylinder?

A. Yes, the first time it was made it was patented, there is no doubt about it.

Q. Do you mean to say anybody could not manufacture a cylinder?

A. It is the question of their having a privilege to manufacture it.

Q. There must be some invention to get a patent privilege?

A. It is an invention. Nobody had ever done it before in the first instance.

Q. In the first instance you are referring to the two chambered buoy. You are now referring to the one chambered buoy. Merwin said it was not patented. Do you think anybody could patent a cylinder chamber?

A. I have no doubt at all they were patented in the first instance as containing two things in the envelope, without reference to whether it was a single or double one.

Q. What is there about this spar buoy, which you tell me is simply a cylinder of iron or steel, what is there about that to cost anything beyond the price of the iron or steel and the labour?

A. There is the cost of manufacturing the welded envelope itself.

Q. By machinery?

A. By machinery.

Q. In the other, the rivetting would be done by hand twenty years ago?

A. Yes.

Q. You spoke about the expense of putting up a plant, $150,000. Do not any other people in the world use these welded buoys besides Canada?

A. Practically all governments in the world use them.

Q. There would be a large demand?

A. I think in twenty years or more the Julius Pintsch firm has supplied about 1,800 gas buoys to the entire world.

Q. And how many of these were bought by Canada.

A. I think we have about one hundred.

Q. About one-eighteenth of the whole world's supply?

A. Yes.

Q. You are now using low pressure buoys?

A. Yes.

Q. You don't require as strong a buoy?

A. We don't require the same strength against internal pressure, because we have no internal pressure.

Q. Apart from that you would not require as strong a buoy with low pressure as with high pressure gas?

A. That is a difficult question to answer. We require a strong buoy, because the low pressure buoy is subject to collision in exactly the same way as the high pressure buoy.

Q. Isn't there a low pressure of gas?

A. In a low pressure buoy there is a pressure of only four or five pounds.

Q. In the high pressure buoy there is a great strain on the buoy?

A. Yes.

Q. So that, apart from collision the buoy must be very much stronger than for low pressure gas?

A. It would be, taking up the question of pressure alone, yes.

Q. You formerly used the rivetted buoy, now you use the welded buoy?

A. Yes.

Q. Do you require the welded buoy with high pressure gas?

A. Yes.

Q. Low pressure is better?

A. Yes, that is perhaps the primary reason.

Q. You say it was wise originally to have the high pressure.

A. There was no option in the matter. There was no other kind of gas buoy that could be used at that time.

Q. They were all high pressure gas buoys.

A. Yes.

Q. What kind of buoys do you use now?

A. Welded.

Q. They use welded buoys on the American waters?

A. Yes.

Q. What kind of gas does the Suez Canal use?

A. Oil gas.

Q. I think you told us the other day that the only waters in the world lighted by the compressed acetylene gas were our Canadian waters?

A. Quite right.

By Mr. Stockton:

Q. Is there any mark on these buoys that they are patented?

A. I think not.

Q. Speaking about the production of this kind of work twenty years ago rivetting was done by hand?

A. Yes.

Q. It is done by machinery to-day?

A. Yes.

Q. Therefore you can produce a rivetted boiler to-day very much cheaper than twenty years ago, although labour to-day may be much higher?

A. That would really involve a calculation.

Q. You say that would involve a calculation. You are an experienced man. Do you mean to tell me that a boiler would cost as much to-day, rivetted by machinery, as it would twenty years ago, rivetted by hand?

A. I really——

Q. Do you know or not?

A. Yes, I do. I think you do not take into account the different items, material and labour.

Q. I am taking into consideration the cost of labour and everything else.

A. I think a boiler should be built to-day rather cheaper than twenty years ago.

Q. Don't you know they are much cheaper.

A. I think they are cheaper.

Q. Don't you know one of the reasons of that cheapness is because the rivetting is done by machinery?

A. I think that is correct.

Q. Therefore when you spoke of the cost of boilers twenty years ago, which you have spoken of here this morning, would not that same article be much cheaper than it was twenty years ago?

A. If you were using——

Q. Just answer my question?

Mr. BRODEUR objected.

By Mr. Stockton:

Q. Say yes or no, and then make your explanation afterwards?

By the Chairman:

Q. He asks you the difference in the cost of the production of a boiler twenty years ago and a boiler now?

Mr. STOCKTON.—Or the article which he has been referring to.

WITNESS.—I think possibly in a modern shop that the buoy that has been spoken about, could be manufactured as far as actual cost of manufacture is concerned, somewhat cheaper to-day than it was at that time.

Q. And then when you were making your comparison as to prices of one buoy supplied to the department two or three years ago and a buoy supplied twenty years ago, you knew that it was not a fair comparison?

A. I think the comparison is a reasonable one.

Q. Notwithstanding what you have since said as to the cost?

A. I do not think there is any inconsistency in the thing.

Q. Wasn't that suggested to you when giving the explanation?

A. Certainly.

Q. And yet you made no reference to that, no suggestion to the committee as to the difference.

A. Well, the two types of buoys—I am simply speaking——

Q. I am talking of the cost of production of the article, the same article twenty years ago and to-day?

Mr. BRODEUR.—They are not using the same article.

WITNESS.—I would say what I wanted to show was this, that I consider that the difference in the cost of the production of the rivetted envelope and the welded envelope is about twenty-five per cent, at the very lowest.

By Mr. Stockton:

Q. That would be to-day?

A. Yes.

Q. Do you know of any buoys manufactured to-day which are rivetted.

A. I do not know except the low pressure buoy, which is partly rivetted and partly welded.

By Mr. Brodeur:

Q. You don't use any more rivetted buoys—you don't purchase any more?

A. We purchase no more for high pressure work.

Q. Will you explain why the department does not purchase any more of these rivetted buoys?

A. In the first place we recently purchase no more because the welded buoys were so much better for the purpose.

Q. Will you explain why the rivetted buoys are not as good as the welded buoys?

A. The reason is, that a very small leak in a rivetted buoy will cause the pressure of the gas to go down so quickly that it puts the buoy out of service.

Q. It requires more work to look after the rivetted buoys than the other ones.

A. It would require a more careful inspection.

By Mr. Stockton:

Q. That would not be a matter of production?

A. No, it is a matter of maintenance.

By Mr. Brodeur:

Q. Now, these gas buoys are composed of the buoy itself and of the lantern?

A. Yes.

Q. They have to be considered both at the same time, not only the buoy itself, the buoy body, but also the lantern?

A. Generally considered as whole.

Q. When were the low pressure buoys attempted first?

A. I think about midsummer of 1904.

Q. When you purchased these gas buoys was there any one manufacturing them in the world except the Pintsch Company?

A. At the time we purchased our low pressure buoys?

Q. No, the high pressure buoys, the ones which we are now considering?

A. The low pressure buoys are only manufactured by the patentee.

Q. By the Pintsch Company.

A. No, by Mr. Willson.

Q. I mean the high pressure buoys?

A. The Pintsch Company.

Q. So then, if there was no patent to cover the article there was only one manufacturer.

A. In 1904.

Q. Yes?

A. I think that is correct.

By Mr. Stockton:

Q. What do you mean, manufactured by the patentee?

A. The low pressure buoys.

By Mr. Northrup:

Q. How would one of these spar buoys compare in size with a boiler, a tubular boiler?

A. Perhaps I could indicate to the honourable gentleman if he will look at the catalogues, I will show the cuts.

Q. We can't put them in the evidence. Speaking generally how could they compare in size?

A. There are so many sizes of boilers it would be hard to say.

Q. Take a tubular boiler, 55 x 14, the same as that got by Brooks from Goldie & McCulloch?

A. 55″ x 14′—that is four feet seven by fourteen feet. The rivetted buoy first referred to is practically a sphere nine feet in diameter.

Q. There would not be very much difference in size?

A. You are speaking of the cubical contents?

Q. Yes?

A. I would have to figure that out.

Q. The amount of material that would be in them.

A. It would be really very difficult to say without going into it.

Q. I do not want to limit you to a few pounds or a hundred pounds or a thousand pounds. Just roughly speaking, from what you know about boilers and these buoys, how would you say these two compared?

A. In weight.

Q. In weight, yes, or material?

A. I think the rivetted buoy would probably weigh more than the boiler.

Q. And how would the spar buoy compare?

A. The spar buoy would weigh, I should say, two or three times as much as the boiler. It has three-quarter-inch metal steel in it.

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Q. The boiler would not weigh more than a couple of thousand pounds?

A. Yes—I would make that statement subject to verification.

Q. The thickness would be about the same?

A. I think the thickness of the boiler would be about one-half that of the spar gas buoy.

By Mr. Brodeur:

Q. The lantern used for these buoys is patented?

A. Yes.

By Mr. Zimmerman:

Q. The rivetted buoy is not manufactured now?

A. Not manufactured at all for high pressure work.

Q. In accordance with your evidence, the rivetted buoy would be twenty-five per cent cheaper if it was manufactured to-day, in your estimation?

A. I do not know that I made any specific statement as to percentage.

Q. Roughly speaking, you said there was a difference of twenty-five per cent in the manufacture of rivetted and welded buoys?

A. I think the same buoy could be manufactured cheaper now on account of the cheaper material, but that is not the point. There was a fixed price for them. We have bought them since lower and the quality is better, and the gas welded buoy is very much cheaper still.

Q. If you were getting a rivetted buoy to-day it would be so much cheaper still?

A. Yes. I could buy that rivetted buoy for less money than we paid at that time, and we are getting the welded gas buoy, which costs very much more to manufacture, for absolutely a less price than we paid for the inferior rivetted buoy twenty years ago.

Q. As I understand, where the rivetted article, such as a boiler, is manufactured, it requires very little machinery?

A. Comparatively little machinery.

Q. In comparison with welded gas buoys.

A. Yes. The tools required for a boilershop are comparitively few in number; a travelling crane, punches, drills and pneumatic tools, that covers practically the entire outfit. On the other hand, for the welding you have to have furnaces for heating the metal, rolls for rolling it, and the plant is expensive. So that, it is not practicable for any manufacturer in Canada, for the amount of work in Canada, to take the matter up and establish a plant here. There is no question about that at all.

Witness discharged.

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

CONCERNING THE ACCOUNTS OF

CHARLES STRUBBE

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
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1906

APPENDIX No. 3.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
THURSDAY, July 5, 1906.

The Select Standing Committee on Public Accounts, beg leave to present the following as their Eighth Report:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to payments to Charles Strubbe, as set out at pages P—163 and 168 of the report of the Auditor General for the fiscal year ended 30th June, 1905, and in connection therewith have examined witnesses under oath, and for the information of the House, report herewith the evidence given by such witnesses, and the exhibits filed, and your Committee recommend that the same be printed.

VICTOR GEOFFRION,
Acting Chairman.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
June 19, 1906.

The Select Standing Committee on Public Accounts of the House of Commons met this day at 10.30 o'clock a.m., Mr. Belcourt in the chair, and proceeded to the consideration of payments to Mr. Charles Strubbe, of Montreal, as set forth at pages P—163 and 168 of the Auditor General's Report for the fiscal year ended 30th June, 1905.

LT.-COL. GOURDEAU, Deputy Minister of Marine and Fisheries, called and sworn, and examined

By Mr. Northrup:

Q. There is an account, Col. Gourdeau, of Charles Strubbe for a number of files in your department?

A. Yes.

Q. Do you know whether or not those files were sold after tenders had been called for?

A. There were no tenders for that.

Q. There were no tenders for the files?

A. No.

Q. Did you not advertise for tenders?

A. No, sir.

Q. How did you come to buy them from Strubbe?

A. I think there was a mistake made in sending the files here from the house in Paris, France, and the account was refused at first by the minister, and I believe they threatened the department with a lawsuit if the files were not taken, and the minister thought it better to distribute them between several agencies. He came to that conclusion after Mr. Desbarats had suggested that method of disposing of the files.

Q. That is not what I am asking. I am asking you how you came to buy the files from Strubbe?

A. I really do not know, that was done by the minister.

Q. You had nothing to do with the buying?

A. Nothing.

Q. The bargain was made by Mr. Prefontaine?

A. I did not know of that bargain until a week after it was made and more.

Q. And when the bargain came to your hearing it was a bargain to buy the files at a fixed price?

A. I think there was a discount of 15 per cent taken off before the department would accept the files and distribute them to the agencies. Mr. Desbarats, our agent in Sorel, knows every possible thing about the transaction.

Q. He is the man who should be examined?

A. I think so, yes.

Q. Then, as I understand, you had nothing to do with the buying?

A. Nothing whatever.

Q. You never heard of it until a week after and then you heard it from the minister?

A. He was the first one who told me that he had bought them, and that was the best way of disposing of the files.

Q. Did he tell you what the price was?
A. The price?
Q. Yes.
A. It was to be an account and discount was to be taken off.
Q. You could not have discount until that account was paid?
A. There was nothing paid on it at the time.
Q. Did the minister tell you what price was to be paid?
A. The account was there and he showed it to me.
Q. The first you knew was from the minister presenting the account to you?
A. Exactly.
Q. Had the files been delivered to the department at that time?
A. I do not think so.
Q. You think before the files came, that the account of Strubbe's was sent in?
A. I would not like to be sure, but I do not think they were distributed.
Q. I am not talking about distributing.
A. Or received even.
Q. Do you know Strubbe?
A. Yes.
Q. What was his business at the time he sold these files to the department?
A. Well, we purchased some cement from him, and then we bought those files from him. I looked upon him as a general merchant, a commission merchant.
Q. Do you not know, as a matter of fact, that he was merely a clerk in the employ of Dillon and somebody in Montreal?
A. No, sir. I never saw him or spoke to him in Montreal, never saw him or met him in the department here.
Q. You did not know what his business was?
A. I did not.
Q. I see you gave a cheque for $4,781. Would that be payment in full for the files?
A. Yes, I think that was it.
Q. Do you remember how that cheque was given to Strubbe? Was it sent through the mails or did he come to Ottawa and get it?
A. It would not have been paid until we had received a certificate from Mr. Desbarats that the files had been received. I could not tell you any more than that.
Q. Have you anything to show whether this cheque was sent to Montreal or that he came to Ottawa and got it?
A. Allow me to see the account. (After an examination), I think it would be easy for me to find out.
Q. I would like you to do so very much.
A. Yes, certainly.
Q. Will you send over to the department at once so that we can get the information before the examination closes? If there is a letter I would like to have a copy of it?
A. Yes.
Q. Now, we have found out that these files were delivered to Mr. Desbarats of what place?
A. Sorel.
Q. Was it not a rather large order to give for files?
A. Yes, it was.
Mr. CLARKE.—What kind of files were they?
Mr. NORTHRUP.—Ordinary files.
The WITNESS.—Not ordinary files, but files of special temper, and we have the reports of our officers that they will last double the time of any other files that have been used by the department.

Q. After these files were delivered at Sorel, by whom were they distributed?
A. By Mr. Desbarats.
Q. To the different branches of the department?
A. Some went to Prescott, some went to Quebec, and he kept the remainder.
Q. Have your department purchased files before?
A. Oh, yes.
Q. Then do you personally know anything about the ordinary average price of files?
A. I do not know.
Q. You know nothing about it?
A. I do not.
Q. So you cannot give us any idea how the price paid here will compare with the price ordinarily paid?
A. No, except that we have the certificate of Mr. Desbarats saying that the prices were reasonable.
Q. We would like to have that certificate brought. Can you get it.
A. Yes.
Q. Some of these files were sent to Prescott, and some to Quebec. Have you anything in the department to show how many went to each place?
A. Yes, I am just making a note of it.
Q. You also bought some steel bars from this Mr. Strubbe?.
A. I do not remember.
Q. Yes, some steel bars.
A. I do not remember. Please show me the account.
Q. You were not aware that the department bought a large amount of steel bars?
A. I do not remember whether they did or not.

By Mr. Taylor :

Q. How long would that supply of files last in the works at Sorel, Prescott and Quebec?
A. How long would it last? I think that calculation was arrived at by Mr. Desbarats. He is the technical officer, and has been buying files for years, and I think he would give the committee every information about the account.
Q. Was it on Mr. Desbarats' order that the purchases were made?
A. It was he who suggested the division and the use of the files by the department?
Q. Was it he who gave the order for that quantity?
A. No, that was settled by the minister.
Q. The quantity was settled by the minister?
A. No. The files were there and the taking of them over was settled by the minister.

By Mr. Northrup:

Q. This file (producing file) of papers was sent over by the department I believe?
A. Yes.
Q. That is the account that is certified to by Mr. Desbarats (exhibiting account)?
A. Yes.
Q. And his certificate you will notice covers steel bars as well as files?
A. Yes.
Q. And they are there, the first batch of steel bars?
A. That may have been ordered direct by Mr. Desbarats as he has got the power to purchase.
Q. But as to the order for steel bars you know nothing about it?
A. I know nothing about it. They may have been in the original order.

Q. Will you look at the steel bars. Your department is charged with the weight of 2,250 kilos of the different styles.

A. 2,250.70.

Q. That is the weight in kilos I take it and it apparently equals 4,961 pounds?

A. A kilo is more than a pound, it is about a pound and two-thirds.

Q. A kilo must be a little over two pounds if 2,250 kilos equal 4,961 pounds.

A. I think it takes 220 pounds by our weight to make 100 kilos.

Q. 2,250 kilos equal about 4,900 pounds?

A. Yes.

Q. And the price charged is 45 cents a pound?

A. Yes, sir.

Q. Please add up the items and see what you make it?

A. 5,643 is what I make it.

Q. Instead of 2,250?

A. That is what I make it.

Q. But he only charged 2,250 kilos you see?

A. He might have made a mistake.

Q. So if the account should be added up as you contend it should Mr. Strubbe has been underpaid by how many hundred kilos?

A. It would be over a thousand kilos. Of course I have just added the figures that are there. I have never examined the account.

Q. That is the original account?

A. Yes.

Q. Then taking the addition of the original account according to the way you read it Mr. Strubbe has been paid for over a thousand kilos less than he should have been? That of course requires an explanation?

A. Of course somebody will have to explain it.

Q. Let us be clear now. If your contention is right Mr. Strubbe has been paid for 1,500 kilos too few.

A. It looks like that.

Q. If your view is right as to the addition he has been paid for how many kilos too much?

A. Over 1,000.

Q. Nearly 1,600 kilos too much?

A. Yes.

Q. So whatever reading you give the account the account is not right?

A. I would not like to say that, because Mr. Desbarats is a very careful officer and has never sent in any account that was not properly added.

Q. As far as you see it is a mistake?

A. Yes. The figures do not seem to be right.

Q. Roughly speaking you have either paid for 1,500 kilos too low or 1,600 kilos too much?

A. Yes. I think the original accounts were written out?

Q. The original accounts were typewritten and signed by Mr. Desbarats and signed to this. I would like to call your attention to this so that there may be no mistake about it, as far as we are concerned. At the end of the file the account has Mr. Desbarats' signature, and the usual certificate 'Goods received' by Mr. Cote?

A. Yes.

Q. In that account the charges for the files and the steel bars appear and the whole is added up over Mr. Desbarats' signature and the discount of 15 per cent is taken off?

A. Yes.

Q. And the balance remaining over his signature is $4,786.45?

A. Yes.

Q. The cheque attached is for $4,786.45?

A. Yes.

Q. So it is perfectly clear that the account has been paid according to the addition here.

A. And the certificate of the account sent back by Mr. Desbarats.

Q. I suppose the department will look into the matter and if poor Mr. Strubbe has been robbed you will pay him back and if he has been overpaid you will get him to refund?

A. Yes, we will look into it.

Q. You said you did not know anything about the price of files?

A. These files I do not know anything about. I did not know the value. It is a particular file which will do double or treble the work of another file. However, that is a matter I know nothing about, but it is supposed to be the case.

By the Chairman:

Q. That is what is claimed?

A. Claimed, yes.

By Mr. Northrup:

Q. This particular file is supposed to do double or treble the work of the ordinary file?

A. That is they do not get dulled by use.

Q. Because they were so much better than the ordinary file you paid a higher price?

A. Evidently.

Q. I am instructed that the price of the ordinary average file is a good deal less than one-half what the government paid for these files?

A. Mr. Desbarats says not.

Q. I have the price list here and we will see. You say some of these files were sent to Sorel and some were sent to Prscott. Were any sent to Ottawa?

A. I do not think so, unless they would have been sent from Prescott to Ottawa if they were required.

Q. We will require Mr. Desbarats to come up. Will you kindly ask him to bring samples of these different files with him?

A. Yes. Do you want a sample of the steel too.

Q. Is there any particular virtue about the steel?

A. Yes.

Q. Is it better steel than the ordinary steel?

A. Yes. I will have them bring a sample of that also.

Q. I would like to see it?

A. I think it is the only steel with which they can make successfully the tongue, the reed, of the fog horn. However, that can be explained better by the technical officer.

Q. One point does not appear to be quite clear. The first you knew about the transaction with Strubbe at all was what the minister told you. He had given Strubbe a contract for an order to supply certain files. The first you knew was when the minister told you that?

A. I have some recollection of a stranger, a Frenchman, who had gone into the minister's room some time before I knew this and arranged with him about the purchasing of these files. I knew nothing whatever as to the department having bought these files until I was told so by the Minister.

Q. And then when the minister told you about the files you told him I think that the files had not yet been received, but that account had come in?

A. I think they had been received, but they had not been accepted by the department.

Q. I understood you to say that the account came in before the files were received ?

A. They were in then because there was some trouble about accepting them, the number being large.

Q. The first you new was when the minister spoke to you and at that time the files had been received?

A. I think they were received.

Q. The first you knew of the transaction at all was that the files had been received in Sorel or Quebec?

A. I do not know.

Q. Some were in the department?

A. Yes.

Q. And then the minister told you he had made his bargain with Strubbe.

A. Yes.

Q. And as to the price?

A. I know nothing of that.

Q. He did not tell you what the price was?

A. No.

Q. What did he tell you about it? What did you know about it then when you looked into the transaction?

A. He told me that he had made an arrangement to purchase these files. I could take no action until the officer who had proposed to the Minister to accept these files, that was Mr. Desbarats, wrote officially to the department and then I got authority to pay that cheque that you mentioned just now.

Q. What I want to know is what the minister told you. He told you that he had ordered some files from Strubbe, but did not state the price?

A. He did not tell me he ordered them from Mr. Strubbe. He had nothing to do with him until afterwards as representing the company that wanted to sell the files to the department. We did not go at first to Strubbe. He came in as a person, as a go-between, between the original men who had these files for sale and the department.

Q. Let us understand that. With whom was the bargain made originally?

A. I do not know. That gentleman came there, and he was in the minister's room with him alone. I was not in the room.

Q. But you know some gentleman came to the minister?

A. A Frenchman.

Q. And made a bargain for the sale of some files?

A. Yes.

Q. Then the minister told you afterwards?

A. Yes.

Q. He did not tell you the quantity of the files?

A. No.

Q. Strubbe was not heard of up to that time?

A. No.

Q. Then how did Strubbe come in first?

A. I do not know.

Q. That was the first you knew about Strubbe in that connection?

A. That he was representing that firm and that he had the original account, I think in that firm, that had been transferred to him for collection.

Q. As far as you knew the first connection he had with it was when he came with that account to this firm and you paid him?

A. Yes, under the authority of the minister.

Q. Of the quantities and prices you knew nothing?

A. No.

Q. That was the first transaction you had with Strubbe?

A. No, I think we had bought some cement from him previously.

Q. You bought some cement from him?

A. Yes.

Q. What quantity of cement did you buy?

A. I forget, I think it was 1,000 barrels.

Q. 1,500 barrels?

A. Yes.

Q. Of quick setting cement?

A. Yes, I think they were bought under contract.

Q. Do you mean that tenders were called for?

A. Yes.

Q. You think tenders were called?

A. Yes. I can get those papers, I thought they were included in those sent here.

Q. When tenders are called for are blank forms supplied by the department upon which the prospective tenderers write out their tenders?

A. In some cases.

Q. Do you know if they were in this case?

A. I do not think so. A number of persons were written to and asked to tender for a certain number of barrels of cement, and when the tenders came in they were opened on a certain day; examined, reported on by the engineer of the department, and approved of by the minister.

Q. Can you say if Mr. Strubbe was one of those that was written to?

A. Yes.

Q. At that time did you know he was a clerk in the employ of Dillon & Co.?

A. No, I thought he was a merchant. I was under the impression that he was a merchant in Montreal.

Q. He was one of the parties written to, at all events. Do you remember any parties coming to your office in connection with that cement and desiring forms to tender on and being refused?

A. They were refused because it was too late, I think. I do not remember anything of the kind, but they might have come into my office.

Q. It is quite possible that people may have gone into your office and asked for forms of tender in connection with that cement, and the department would not give them to him?

A. If it was too late?

Q. Within the time?

A. No, I do not know anything about that, I do not remember.

Q. If a witness were to say that he went to your office, even on the last day of the time during which tenders were to be put in, and was refused forms, would you contradict him?

A. No, I would not like to contradict a person that was saying that, because he would be absolutely concerned in it, and there are so many transactions in the department. I would rather believe that statement than rely on my own memory.

Q. Do you remember the circumstances under which the Strubbe cement contract was let? You can no doubt recall it, it is not so very long ago, June, 1905?

A. No, I cannot remember anything absolutely.

Q. Do you remember if any particular cement was called for in the call for tenders?

A. Yes.

Q. Have you the advertisement?

A. It must be in the department.

Q. Will you let me have that please. Do you remember giving Strubbe the contract and afterwards insisting upon him securing other cement than that which was first accepted?

A. I think there was something of the kind.

Q. Something of the kind?

A. Yes, I think there was something of the kind.

Q. And do you know what company's cement he was obliged to take?

A. He was obliged to take the Ottawa cement.

Q. He was obliged to take the Ottawa cement?

A. Yes, as it met the requirements.

Q. I suppose it was not the only cement that would meet the requirements as to quality?

A. Of course not.

Q. It was the only one that met the requirements for demand.

A. The cement that he was supplying met the requirements.

Q. You insisted upon Ottawa cement?

A. No. We did not insist upon that. His prices were better, that can be easily shown.

Q. What I am saying is this : Mr. Strubbe had been given this contract?

A. Yes.

Q. For certain cement ?

A. Yes.

Q. Do you remember insisting that the cement should be that of the Ottawa Cement Co.?

A. I do not remember that.

Q. You have the papers there, please look at them.

A. Yes.

Q. You paid him $2.20 a barrel according to the bill?

A. Yes, subject to his buying back the bags at a certain price. I think it came to about $1.80.

Q. The papers will show that ?

A. Yes.

Q. This account is for 1,500 barrels of quick-setting Portland cement, International Cement Company at $2.20 a barrel, total $1,300.

A. There were three or four hundred dollars for returned bags, but the files will show.

Q. There is an item of $150 for freight, three barges. Where was that from?

A. It must have been from Ottawa.

Q. To where?

A. Ottawa to Sorel.

Q. So you bought it here and paid the freight to Sorel?

A. I am not sure whether we paid the freight.

Q. Well, here is the account. There cannot be much doubt, I suppose?

A. If we had to pay the freight we would deduct it from another account.

Q. It is perfectly evident he has charged the freight in his account?

A. He has charged it himself. If you will allow me here I would like to explain the procedure with reference to a cheque that you asked me about at an earlier stage of the examination. Cheque No. 16067 for $4,786.45 was made out by Mr. Boudreau, the accountant tells me, and given to Strubbe in Ottawa.

Q. Now, Colonel, if you will look at this account for $3,450 you will see that that is the amount which page 108 of the Auditor General's report shows to have been paid. And there is 'freight on three barges,' so that amount was paid on cement evidently ?

A. Yes.

Q. So that $3,450 was the amount paid?

A. Yes.

Q. And the cement was sent in to Sorel, was it?

A. I do not know, because I see it certified to by Mr. Boucher, and it might have gone to Montreal.

Q. Do you know what it was intended for?

A. In connection with the building of piers on Lake St. Peter.

Q. That is what it was wanted for, but do you know what was done with it?

A. Evidently it was expended upon the work for which it was intended.

Q. Would you be surprised to learn that it was sent down to Sorel and laid there for months piled up?

A. Until it was required, I suppose.

Q. For months and months. Would you be surprised to know this cement sent down to Sorel was left piled up for months and months?

A. Yes, I would be.

Q. Will you inquire about that?

A. Yes.

Q. That is the information I have. Would you be surprised to know that when it came to be used the greater part of it was spoiled on account of having been exposed so long?

A. I don't believe that.

Q. Will you inquire about that. Your department buys a great deal of cement, does it not, Colonel?

A. Yes, quite a quantity.

Q. What is the average price that is paid by your department, can you tell me?

A. For cement?

Q. For cement, yes, good cement.

A. I think if you had the engineer of the department he would be able to tell you.

Q. You cannot tell me?

A. No, there is no use in my talking about it.

Q. You know nothing about prices of cement.

A. No, sir.

Q. I supposed that the department having purchased so much you might know?

A. I think it was in the vicinity of $1.80 or $1.90.

Q. And that in this case $2.20 was paid and the freight besides?

A. I will look into that.

Q. Is it not perfectly fair to say that $1.80 or $1.90 is the ordinary price of cement, and that in this case $2.20 was paid besides the freight. Now when you called for tenders for this cement I suppose you specified the amount you wanted?

A. Yes.

Q. Would that be the amount in this bill?

A. I would not like to make a statement unless I looked up the facts.

Q. As a matter of memory do you remember that Mr. Strubbe supplied a great deal more cement than his contract called for?

A. Yes, but we did not accept it.

Q. One thing at a time please, you remember that he did supply more than his contract called for?

A. That was towards the fall.

Q. As a matter of fact he supplied some thousands of barrels more?

A. I think it is a thousand barrels.

Q. I heard it was a couple of thousand?

A. Perhaps, it might be, but he had no order for it, he said he had an order from the minister, but I could not recognize that, and the shipment remained at Quebec at his own expense.

Q. And was it taken over eventually by the department?

A. No, sir, he tried to recover for it, and for storage and all that.

Q. He claiming that he got an order personally through the minister?

A. I saw nothing on file indicating that and I refused to accept the shipment.

Lt.-Col. GOURDEAU.

Q. There is this dispute between him and the department at the present time.

A. Exactly.

Q. Have you any correspondence on your files between you and Mr. Strubbe?

A. Yes.

Q. Let us have it with the others, will you?

A. Yes.

Q. And also any correspondence you have in regard to the change in the account for cement?

A. Yes, I will get all the correspondence copied at once.

Q. When tenders were called for, as this cement was, what was the system in your office as to the opening of tenders?

A. The letters that are marked 'tender' are never opened until the day that they should be opened. That is they are called for a certain day and they are sent unopened to Mr. Stumbles, one of the clerks in the department, who looks after the tenders and prepares the agreements. They are opened in the presence of the engineer of the department by Mr. Stumbles. I have never been at the opening of any of these tenders, they are left to Mr. Stumbles and the chief engineer of the department. In some cases the Minister gave instructions to have them opened in his presence. I could not tell you on what occasions, but I think that has happened within the last two or three years.

Q. The Minister gave instructions that they should be opened in his presence?

Mr. PARDEE.—That is hardly evidence, the witness does not know himself.

By Mr. Northrup:

Q. As to that last question there seems to be some misunderstanding. What is it you say—that the Minister gave instructions that they were to be opened in his presence only or were there others present at the time?

A. I say that the instructions of the department for years were that the tenders should never be opened except when Mr. Stumbles and the chief engineer were present, but that might have been departed from on a couple of occasions.

Q. And the tenders were opened then in whose presence? Mr. Stumbles or the minister?

A. Oh, always when Mr. Stumbles was there.

Q. It would be in the presence of Mr. Stumbles and the Minister in that case?

A. Yes.

Q. In all cases, there were two persons present. They were opened either by Mr. Stumbles and the chief engineer or by the minister and Mr. Stumbles?

A. Always. Mr. Stumbles was generally with the chief engineer, and the schedule was prepared by the officer. Neither the minister nor myself ever saw these schedules until they had been prepared, and the tenders examined by these two officials.

Q. Have you heard about this cheque, whether it was given in Ottawa or not.

A. I have given that information to you.

Q. It was evidently given to Mr. Strubbe in Ottawa?

A. Yes.

Q. Did you see the cheque after it was given, when it came back to your department?

A. Yes.

Q. Did you notice the back of that cheque?

A. I saw Mr. Strubbe's signature; he endorsed it?

Q. The bank teller apparently put a memorandum above the signature when he cashed it, did he not?

A. I know nothing about that.

Q. Was there a cheque.

A. For $2,500 apparently, yes.

Q. Then we have 100 multiplied by 10?

A. Yes, if he was making a deposit he might make a memorandum of his own, and that would be attached, anything of that kind.

Q. Does not that cheque show that Mr. Strubbe went to the bank, drew $2,500 in a cheque, and the balance in cash, and put it in his pocket, and that these are the denominations of the bills marked on the back of the cheque by the bank teller?

A. A cheque for $2,500 and $2,200 in bills?

Q. Yes, the cheque would be apparently for the stuff he bought and the balance would be the profits which he put in his pocket?

A. That is for Mr. Strubbe to say, I do not know anything about that.

Q. Is not that what this memorandum apparently shows.

A. You often cash a cheque in different denominations of bills.

Q. Does it not strike you as peculiar that a man acting for a French firm, should come to Ottawa, get his cheque, apparently go to the bank and draw more than one-half of it in bills?

A. Mr. Strubbe should explain that.

Q. I cannot get him here and I am asking you. Apparently that is what the cheque shows?

A. Apparently so, yes.

Q. All your departmental cheques are payable at par at any bank?

A. Certainly.

Q. It would not be necessary to save anything by cashing it here?

A. No.

By Mr. Taylor:

Q. Col. Gourdeau, do you know from what firm these files were purchased?

A. I do not recollect the name, it is a French name, I think we have an original letter from that firm.

Q. You think there is an original letter?

A. Yes. I think so.

Q. Will you give us the name of the French firm?

A. Yes, I have taken a note of that.

Q. Where they imported 'duty free' do you know?

A. I do not think the minister ever saw the man before he came here with an agency pretending that one file would do more work than two or three other files.

Q. I bought some from the same gentleman, I know all about them, it is the same house, I fancy?

A. What is the name sir?

Q. I will bring the papers down here. I think it is 'La' something, in French.

A. Our mechanics and workmen in the different agencies, I think, have testified as to their being exceedingly hard. You would know that yourself if you bought any of these.

Q. You have the name of the original firm?

A. Yes.

Q. Do you know whether they were imported 'duty free' or not, being sold to the government?

A. I do not know, I do not remember.

Q. Can you find out?

A. Yes, certainly.

Q. Will you ascertain that fact?

A. Yes, certainly.

By the Chairman:

Q. In connection with the tenders, Mr. Gourdeau, I do not quite understand what you said to Mr. Northrup about parties coming and asking you for forms upon which to make tenders? Did I understand you to say you did not remember refusing anyone?

A. I do not remember the circumstance at all, the person——

Q. What did you mean then by saying to Mr. Northrup that you would not undertake to contradict anybody who made that statement?

Q. If any person swore that he came to me on a certain day and asked me for a form of tender, I would not like to contradict him—I would not like to contradict him.

Q. If some one came to you and asked you as deputy minister for a form upon which to put in a tender?

A. I would refer him to Mr. Stumbles the clerk.

Q. You do not keep the forms in your office for distribution?

A. No.

Q. You are not the officer charged with the distribution of forms for that purpose?

A. No.

Q. And if it was proper you would refer him to Mr. Stumbles.

A. Yes.

By Mr. Pardee:

Q. Did you ever know of anyone before the tenders were put in, being refused?

A. No, I would not say that, I could not refuse anybody. I would simply refer them to the clerks.

Q. Did you ever hear of the department doing such a thing?

A. No.

By the Chairman:

Q. You would be prepared to contradict anyone who said you refused to give him a form?

A. Yes, I would contradict that, I would not contradict any person who said he came to me and asked for a form, btu if he did do so, I would say: 'Go to the officer, and he would furnish him with form of tender.

By the Chairman:

Q. What reason would there be for refusing anyone a form of tender before the time expired for receiving them?

A. I do not know.

Q. Would there be any reason?

A. I do not know.

Q. There would be no advantage to anyone?

A. No, I do not say that.

By Mr. Jackson (Selkirk):

Q. Supposing you wrote to half a dozen persons asking them to tender, and supposing another one came in and asked for a form, what would you do?

A. I would refer him to the clerk that has the forms in charge, and that tender would be dealt with afterwards by the minister.

By the Chairman:

Q. You would not give them a form of tender?

A. Certainly not.

By Mr. Barker:

Q. When the tenders are to be opened on a particular day, is there any fixed hour for opening them?

A. Yes, twelve o'clock.

Q. That is stated on all applications?

A. Yes, at noon.

Q. Are they ever opened after that hour or before it?

A. I think on some occasions if we have had a telegram or a letter from one of the tenderers asking, for some reason or other, a delay in the opening of tenders after the day fixed, I believe that it has happened that the opening has been delayed, providing, however, that none of the others tenders have been opened. Then there has been a delay for a day or two, but all the tenders have been opened at the same time.

Q. They were never opened before twelve on any occasion?

A. No, certainly not.

Q. You have already stated to Mr. Northrup that the first intimation that you had of the purchase or of the files was from the Minister?

A. Yes.

Q. Who said that he had verbally ordered them?

A. No, I did not say that.

Q. What did he say?

A. I do not know, the only thing I know about it was that he said we are going to take tenders.

Q. When he told you that, did you look at the records to see if there was any correspondence?

A. I know there had been some correspondence.

Q. About the files?

A. Yes.

Q. About the purchase of them?

A. Yes.

Q. If you knew that you must have known more than the Minister told you?

A. How should I know more than he told me?

Q. The first you heard of it, you said, was when the minister told you about them?

A. Yes.

Q. Now you say you did know there had been correspondence about them?

A. There had been correspondence.

Q. Before the minister spoke to you?

A. Yes, certainly.

Q. Did you refer to the correspondence when the minister told you this?

A. Yes.

Q. Have you produced that correspondence here?

A. Yes.

Q. Is that here?

A. I think it is here, I do not know whether it is in his private file or not, I could not tell you, we copied everything.

Q. About the purchase of these goods?

A. Yes.

Q. There could be no private file about that. Will you be good enough to produce those letters that you say are on file relating to the purchase of these files?

A. Yes, I think those letters were copied.

By the Chairman:

Q. Are these letters exchanged between yourself and the minister, or between the minister and who?

A. I do not remember.

By Mr. Chisholm:

Q. The price of cement varies from time to time, does it not?

A. Certainly.

Q. And was $2 per barrel the ruling price at that time?

A. I am not sure.

Q. Was cartage paid?

A. On the first order, I want information, I am to find out.

By Mr. Foster:

Q. You say in the matter of this cement, for instance, you did not advertise in the public press?

A. No, sir.

Q. You sent out circulars according to a list?

A. Yes, I think it was by a list.

Q. Or you wrote letters to those on the list? How is that list formed, who forms it?

A. I think it was taken from the patronage list.

Q. That is a list is prepared to whom you are to write?

A. Yes, sir.

Q. Who prepares that list or who authorized that list?

A. Well, we have a long list, patronage list, in the department, an official list. There are departures made from that list, of course.

Q. And that list is approved by the minister?

A. Yes.

Q. And you work upon that list?

A. Yes.

Q. When you want cement you refer to that list?

A. No, no, what we do now is to advertise in the papers.

Q. I am asking you what you did in relation to these goods?

A. Yes.

Q. When you wanted cement you referred to the patronage list and selected from there the names of persons to whom you sent for estimates?

A. Yes.

By the Chairman:

Q. To dealers in cement?

A. Yes, dealers in cement.

By Mr. Foster:

Q. Yes, dealers in cement, but it happens that the man in this case was not a dealer?

A. Well, he was representing a large operating firm in Ottawa.

Q. Supposing that gentleman called at your office knowing that there was a call for cement, whose name was not on the patronage list. would you allow him to tender?

A. I think so. I said just now that he would be sent to the officer who keeps these forms.

Q. Would you allow him to tender?

A. I think so.

Q. Then, of what good would be your patronage list. Were not your instructions not to go outside the patronage list?

A. Well, yes, generally speaking.

Q. If a person who was not on the patronage list applied to you for a form of tender, what would you say?

A. That would be subject to the minister's decision.

Q. What would be the decision, you have had instances, of course?

A. In some instances the minister has agreed to let them tender.

Q. In those cases, were their tenders considered along with others?

A. Yes.

Q. And in every case when your tenders were opened the contract was awarded to whom?

A. To the lowest tenderer; if not it has to be explained to council why the minister proposes to accept one which is not the lowest tender.

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Q. To a person coming to you whose name is not on the patronage list, it would be quite probable you would say, 'Your name is not on the patronage list'

A. We would not tell him that. I do not think so, but I suppose it would be that way.

Q. But it would really amount to that in the end?

A. I suppose so.

Q. These files were bought in France, were they?

A. They were bought from an agent who came from France to sell those files.

Q. An agent, a representative of that house?

A. Of that firm.

Q. A Frenchman from the old country?

A. Exactly.

Q. Well, what is the name of that agent?

A. Well, I cannot bring the name to mind, Mr. Taylor himself forgot it.

By Mr. Taylor:

Q. He had an interpreter with him?

A. Exactly.

By the Chairman:

Q. It was not when he called on you that he needed an interpreter?

A. No, certainly not.

Q. The inference would be that he needed an interpreter when he called on you or the minister from the answer you gave Mr. Taylor?

A. Oh, no.

By Mr. Foster:

Q. Had you any cognizance when that agent got the order from the minister for those files?

A. Indirectly I heard of it, but I heard nothing officially.

Q. You heard nothing officially as far as you are concerned?

A. No.

Q. When the agent had visited the department, of which visit you had cognizance of that detail of your businss you knew nothing.

A. I knew nothing, if I mistake not, whatever. It was some months afterwards that this came up.

Q. The first you heard afterwards with reference to these files was when this bill came up?

A. Yes, and the distribution to the different agencies.

Q. Was there anything on file that shows how matters stood between the minister and this gentleman?

A. I do not think so, I will look through again carefully, but I do not think so.

Q. That is, the order was a verbal order?

A. It must have been.

Q. There is nothing on file to show a demand, acceptance or price at which they were to be furnished?

A. Nothing at all. When the account came in there was a proposal of Mr. Desbarats to divide them up, it was he who suggested that they should be divided up between the different yards.

Q. Just one moment, this account came directly to your head office here?

A. Yes.

Q. Then what was your action on that occasion?

A. I do not know that the accounts came directly to our office—yes, I think they did.

Q. What was your action?

A. As there was no order in the department, I did not recognize the accounts at all.

Q. Then what happened?

A. They were returned.

Q. To whom?

A. To France, I think.

Q. And then what happened?

A. I do not know. When they found that the department would not recognize the accounts——

Q. In returning these accounts to France, they were accompanied, I suppose, by a letter?

A. I do not think so.

Q. They were simply returned without a word?

A. Yes.

Q. What happened afterwards?

A. I knew nothing myself until afterwards Mr. Desbarats sent a statement himself recommending to share them up between the different agencies.

Q. Very well, let us see if we have it exactly. The account came from France for these files, there was no order, that you found, and you sent that account back to France?

A. I am not sure whether I sent them to France, or whether I sent them to the minister or not I am not sure, but I would not accept them in the department at all.

Q. About what time do you remember that you got these accounts?

A. It was a considerable time before Mr. Desbarats sent that letter.

Q. Well, you got these accounts, did you send them back without any consultation with the minister?

A. Well, I would not like to be too sure. I went in to the minister, I think, and told him there was no order to my mind to that extent, and I could not accept it, and I think the minister agreed with me himself.

Q. You went in to the minister and told him that you found no order for it and you could not accept it, and the minister agreed with you in that?

A. Yes.

Q. How do you explain your former statement that the minister had given an order, and that now when you go in with the account and tell him that you found no order and you could not accept, that he agreed with you not to accept it?

A. The whole thing hinges on this, that when the agent came I heard, I think it was from the secretary to the minister, that he simply proposed to send samples, and that instead that large order came which was repudiated.

Q. That is a piece of information that we have not had before?

A. Yes.

Q. Then, from that it would appear that no order had been given by the minister?

A. Well, I do not say no order was given by the minister.

Q. Certainly no order had been given by you?

A. No.

Q. What you did accept, or what the minister had accepted, was a lot of samples of these files would be sent?

A. Well, a small lot of samples which could have been tried at the agencies before they would enter into a contract to buy a large quantity.

Q. But instead of a small supply for trial being received, there was this large consignment?

A. Yes.

Q. And both you and the minister agreed that it could not be received?

A. Exactly.

Q. So you sent the bill back?

A. Yes.

Q. What was the course of that bill after that because, evidently, it came over the ocean again—to whom did it come?

A. I have no knowledge.
Q. It did not come to you?
A. No I have no knowledge of it.
Q. It did not come to any officer of your department?
A. None whatever.
Q. Did it come to the minister?
A. I could not tell that.
Q. You could not tell that?
A. No.
Q. Well, it came across anyway?
A. Yes.
Q. When did it first turn up again to your knowledge?
A. Only when these letters were received from Mr. Desbarats, who must have had a conversation with the minister.
Q. The letters were received from Mr. Desbarats?
A. Evidently, because it was arranged to distribute them to the other agencies.
Q. When these letters came this letter of Mr. Desbarats' was with the bill, and the distribution was recommended by Mr. Desbarats at that time amongst the different agencies?
A. Yes.

By the Chairman:

Q. I think, Mr. Foster, you are assuming something that the witness did not say, you are assuming that there were letters exchanged between Mr. Desbarats and these people?
A. No, no, I never said that.

By Mr. Foster:

Q. My question was this, when next that account turned up, it was accompanied by letters from Mr. Desbarats?
A. Yes.
Q. Recommending the distribution of these files among the agencies?
A. Yes.
Q. And of course recommending their acceptance?
A. Yes, the minister may have told me at the very same time also that he had made up his mind to take these files on the recommendation of Mr. Desbarats.
Q. This recommendation of Mr. Desbarats' is on December 14, 1904, in which he says this to the minister?
A. Yes.
'I have examined the lot of steel bars and files invoiced by La Compagnie "La Sirene" of Paris.'
A. Yes, that is it.
Q. 'This lot consists of about 5,000 lbs. of tool steel and 270 doz. of files. The price of 45 cents a pound for the steel is a reasonable price for good tool steel. The prices on the files are, most of them, regular list prices?'
A. Yes.
Q. What does that mean, 'regular list prices,' without the discounts off?
A. The regular list prices, are the prices that are charged to him by the parties from whom he buys in Montreal, articles of the same nature and the same kind.
Q. That is what he means by 'regular list prices?'
A. That is what I think, he might have a different opinion, but it would strike me that way.
Q. It would strike me that it would mean this that the Compagnie 'La Sirene' of Paris had charged these files up at the regular list prices?
A. No, no, I really do not think so. I think he meant according to the prices of articles he had already purchased.

Q. 'The prices on the files are, most of them, regular list prices?'

A. That is the list he has in his office when he wants to buy articles of the same kind. I think that is what he meant, I may be wrong.

Q. 'The full amount of the invoice is $5,641.10?'

A. Yes, being $3,398.40 for the files and $2,232.70 for the steel. A discount of 15 per cent is offered on the face of the invoice, which will reduce the total amount to $4,786.45. The lot is rather a large one for the Sorel ship yard, but we could take half of the lot; probably half of the remainder could be sent to the Prescott works and the balance to the agency at Quebec.

It would be very difficult to divide up this material at Montreal, the best way would be to have the whole consignment sent to Sorel, where the boxes could be unpacked. Half of the material being retained at Sorel and the balance being shipped to Prescott and Quebec. It would be understood that the consignors would pay all expenses of freight, shipment and packing.

'If this proposal meets with your approval, I should be pleased to receive the necessary instructions. The proper authority will have also to be given to Prescott and Quebec, so that they would receive and pay for the goods. I have the honour to be, sir, your obedient servant, (sgd.) G. J. Desbarats, Director of Ship Yard.'

By Mr. Foster:

Q. Does there appear to be any letter from the minister in answer to that?

A. What is the next letter that is copied there?

Q. This is December 14 and the next letter here is December 19, yes, that is a letter by yourself.

A. Yes.

Q. In which you say, 'The Minister of Marine and Fisheries has handed me your letter to him of the 14th instant with reference to the steel bars and files invoiced by La Sirene Co. of Paris.

'I am to inform you that your recommendation that the lot consisting of 5,000 lbs. of tool steel and 270 doz. of files, be shipped to Sorel, is approved. On the arrival of the goods you can have the boxes unpacked retaining half the consignment for use in the shipyard, and repacking half the remainder for shipment to the department's works at Prescott, and the balance is for the agency at Quebec. Instructions in the letter will be sent to the agency at Quebec, and the assistant commissioner of light at Prescott by the department, but you can communicate with La Sirene Co. with regard to shipping the consignment to you. I am, your obedient servant, (Sgd.) F. Gourdeau, Deputy Minister of Marine and Fisheries.' This letter is addressed to G. J. Desbarats, Director of Shipyard, Sorel, P.Q.

Q. According to that there must have been some previous correspondence. This is the first that appears here.

A. I do not think so.

Q. Will you make a note of that and see if you can find any correspondence between these dates?

A. Yes, sir, about the 14th of December.

Q. Then I find on the 4th of January there is a memo. here signed by 'R. Prefontaine,' to the Deputy Minister:—

'Kindly forward, without delay, Charles Strubbe's cheque, for articles which he sold and supplied by "La Sirene" Co., and let me know when it is sent. This amount is to be taken out of the "Ship channel" vote.'

There is no place mentioned here where this letter was written from, but it is dated the 4th of January, 1905.

A. It is not dated from Montreal, sir.

Q. It is just a memorandum?

A. Just a memorandum.

APPENDIX No. 3

Q. I should suppose it would be from the department here. Well, the correspondence does not show how Mr. Strubbe's comes in?

A. No.

Q. We have correspondence so far referring to the La Sirene Co., of Paris. You did not send the first account to Mr. Strubbe, but to Paris.

A. No.

Q. Have you any recollection how Mr. Strubbe comes in?

A. Not the slightest.

Q. Will you look to see if there is on the file any correspondence indicating how Mr. Strubbe got his hand into this thing?

A. Yes, sir.

Q. Now, on the 17th of January, you informe' Mr. Desbarats that a cheque has been issued for $4,486.45, and that it has been delivered to Charles Strubbe in full payment of the account?

A. Yes.

Q. Do you recollect that you did what the minister told you and saw him and let him know when that was done?

A. I think the accountant sent back a note.

Q. The cheque was sent to Mr. Strubbe?

A. No, the cheque was handed to Mr. Strubbe by Mr. Boudreau, the assistant accountant.

Q. You did not send it to Mr. Strubbe at Montreal?

A. No.

Q. It was handed to him here?

A. Yes.

Q. Did you inform the minister?

A. The minister must have known it. I had an order to pay it, and that very day——

Q. The cheque had been ordered to be paid and what the minister asked you was—

A. What date was it ordered to be paid?

Q. On January 4 the minister says, 'Kindly forward without delay cheque?'

A. When was it paid?

Q. The Charles Strubbe cheque is on January 17?

A. Yes.

Q. Well now, you were instructed to forward without delay, on January 4, a cheque and the cheque is dated January 17, you did not send it on January 4, it appears to have been sent on January 17, or given rather to Mr. Strubbe on that day. Can you explain why you did not carry out the minister's instructions?

A. That would be carrying out the minister's instructions, because we have a multitude of them to issue.

Q. 'Forward without delay,' you think that would be a reasonable performance of that instruction?

A. Yes.

Q. Do you remember whether you told the minister when you sent it?

A. It was not sent.

Q. As he asked you to do?

A. It was not sent.

Q. Well, when it was handed to Mr. Strubbe?

A. No, I do not know anyhing about it.

Q. But the cheque was ordered and what was the minister's anxiety about it?

A. Yes.

Q. It had evidently been decided at that time that Mr. Strubbe was to be sent that cheque?

A. Yes.

Q. Why should the minister want to know from you when you sent it. There was nothing which took place between you and the minister to show any reason for that?

A. Nothing at all, except I suppose that Mr. Strubbe was anxious to get his money.

Q. But the cheque was ordered and what as the minister's anxiety about it?

A. So it was, the minister's instructions were carried out. I do not consider this any delay owing to the number of cheques we issue. We pay out sometimes $200,000 to $300,000 during the month, and I do not think this was any unusual delay.

Q. You wrote to Mr. Desbarats on the 17th when you issued the cheque?

A. Yes.

Q. And you told him that the cheque had been issued for the amount and delivered to Charles Strubbe?

A. Yes.

Q. And you asked him for the invoice, that does not mean anything?

A. No.

Q. Then on January 23 Mr. Desbarats announces the receipt of your letter and asks you for the account and says he will replace it by the account for the full amount as requested. What does that mean?

A. I do not know what it means at all.

Q. Eh?

A. I do not know what he means.

Q. The amount of the account is given here before, $4,786.45 ?

A. Yes.

Q. He says, 'I beg to acknowledge receipt of your letter 12964F on the subject of the account of 'La Cie La Sirene' of Paris. Would you kindly let me have the account which was sent to Ottawa, and I shall replace it by the account for the full amount as requested.' In your letter you say, 'I am to request you to forward, as soon as convenient, the invoice for the full amount of the purchase without the deduction you made for freight, duly certified, and also your own invoices representing the amount of goods shipped to Prescott and Quebec, so as to enable the department to make the transfers?

A. Yes, sir, I think there was something that way.

Q. A full account?

A. Yes, I think that is the reason.

Q. And you sent him that account on January 26, and that ends the correspondence?

A. Yes.

Q. Will you kindly see if there is any further correspondence?

A. Yes, I have taken a note of it.

Q. To supply that hiatus there?

A. Yes, I have taken note of it, and will see if there is anything.

By Mr. Chisholm:

Q. Previous to 1896, contracts were seldom, or ever, awarded to those outside of the patronage list?

A. As a general rule, it was the very same rule as now.

By Mr. Daniel :

Q. Did you ever receive tenders after the day they were advertised to close?

A. I have said so a few minutes ago, but never after the others were opened.

Q. You never received tenders after any had been opened?

A. No.

By Mr. Northrup:

Q. What officials in your department would have the right to sign cheques?

A. Would you allow me to see the cheques?

APPENDIX No. 3

Q. I observe two cheques in the Strubbe matter both issued by your department, but signed by two different officers?

A. Yes, there are some officials that are authorised by Order in Council to sign cheques. The deputy minister of finance and the banks are notified that they have such powers.

Q. I am just asking what officers in your department there are who are authorized to sign cheques?

A. There is Mr. Owens, Mr. J. B. Halkett, Mr. Kent, Mr. Cameron, and Mr. Stanton.

Q. And Mr. Boudreau apparently?

A. Yes, Mr. Boudreau, he is the assistant accountant and signs for the accountant.

Q. Now there are these five men authorised to sign cheques?

A. I can give you a copy of the Order in Council.

Q. As I understand it any two of these officials can sign a cheque?

A. Yes, when there is authority on the file, or on the account to pay it. They have no right to sign a cheque when there is no authority for the payment of an account.

Q. But the practical working of the department is that any two of these officials can draw cheques for any amount they see fit and the banks are instructed to pay it?

A. Yes.

Q. There is no check to prevent them drawing cheques for any amount?

A. Unless they went against the orders of the department.

Q. But any two of these can band their heads together and issue a valid cheque for any amount they choose?

A. Yes.

By Mr. Foster:

Q. With reference to that cheque you gave Mr. Strubbe a cheque on the Bank of Montreal?

A. Yes.

Q. And Mr. Strubbe did not go to the Bank of Montreal to get that money?

A. I do not know.

Q. He went to the Ontario Bank on the very same day, (reads) 'Ontario Bank, January 17, 1905, paid.' And he seems to have got $2,500 in a cheque from the Ontario Bank, and then to have got the remainder of that, which would amount to $2,286, in bills of different denominations. And you cannot give any reason at all why he should have taken this to the Ontario Bank.

A. No, sir, I have not the slightest idea in the world.

Q. Yes, and the Bank of Montreal paid on January 18, 1905, the very next day?

A. Yes.

By the Chairman:

Q. About these tenders, I had intended to ask; do you say the tenders are kept under lock and key until the time they are opened?

A. Yes.

Q. By whom are they kept?

A. Mr. Stumbles.

Q. The tenders come addressed to the department?

A. Yes, marked 'tenders.'

Q. They come to the department addressed to the minister?

A. Addressed to the department, sometimes to the minister and sometimes to myself, but marked across them 'tenders.'

Q. These tenders are not opened, but handed over?

A. Sometimes they are brought by special messenger to Mr. Stumbles, who keeps them under lock and key.

Q. Until they are opened?

A. Yes.

By Mr. Taylor:

Q. Here is an invoice from F. L. Brooks & Company, dated January 12, 1904, 260 barrels cement at $2.50 per barrel?

A. Yes.

Q. By whom was that purchased?

A. By Mr. Fraser.

Q. From Mr. Brooks?

A. Yes, evidently.

Q. Not advertised by tender.

A. No.

Q. Did you order any goods from the Brooks Company?

A. Never—from the department?

Q. Either verbally or by writing?

A. Oh, well——

Q. Machinery, the Prescott boiler?

A. I think that Mr. Fraser, who was the officer in charge of the Buoy Depot that we are building at that time, had authority from the minister to purchase articles.

Q. Mr. Merwin when here was asked who purchased some of these goods and he said Mr. Fraser?

A. Yes, Mr. Fraser, if he was in Ottawa would have to go through the regular routine and say that he required them and I would sign an official letter. I have had no dealings with Merwin.

Q. All the goods were ordered personally by Fraser?

A. I think so, yes.

By Mr. Daniel:

Q. What is the course of procedure with regard to the Auditor General's department? Do these cheques go through his department before they are paid, or not?

A. No, they are paid before.

Q. They are all paid before hand?

A. Yes.

Q. They do not go to the Auditor General's department?

A. Only after the payment is made.

Q. What check has the Auditor General got on the payments?

A. If he knows there is an account overpaid—it has happened sometimes—he writes to the department calling attention to it, and we get a refund. In these dealings with so many accounts there might be some mistakes.

Q. You only find out mistakes have been made after they are made?

A. Yes. We have got checkers in the department, yet mistakes sometimes occur.

By Mr. Foster:

Q. Will you see that La Brosse gets up here?

A. Yes, I will call him up by phone.

Witness retired.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM 32,
June 21, 1906.

The Select Standing Committee on Public Accounts met to-day, Mr. N. A. Belcourt presiding, and proceeded to the further consideration of certain payments to Charles Strubbe, as set out at P—163 and 168 in the Auditor General's report for 1904-5.

CHARLES STRUBBE called and sworn, and examined

By Mr. Northrup:

Q. You are under oath, do you swear you cannot understand English?
A. I understand English, but I am more at peace in French.
Q. Do you speak English?
A. Not very well.
Q. Do you swear that you cannot understand and speak English well enough to bear examination in it?
A. I state that I do not know English sufficiently well to be able to understand questions, and answer questions in English, but I can speak in English.
Q. You sold some steel bars last year to the government, did you not?
A. Yes.
Q. Is this your account (document produced). If you look at the end I think you will see your signature?
A. Yes.
Q. That is your account, is it not?
A. Yes.
Q. And that account has ben paid by this cheque, has it not ?
A. Yes.
Q. Would you say that your account for steel bars is correct, as to the addition? Have you charged for 500 or 600 pounds more than you delivered ?
A. I have just copied the invoices when they have been remitted to me by Busteed & Lane, of Montreal. Remember I bought the goods and made out my invoices.

By the Chairman:

Q. So you say you got the invoice from Busteed & Lane?
A. Yes, except that I deducted 15 per cent off.

By Mr. Northrup:

Q. You sold the goods, and you got the goods you sold from Busteed & Lane?
A. Yes.
Q. And Busteed & Lane are metal dealers?
A. No, they are lawyers.
Q. So you say you got the invoice from Busteed & Lane?
A. Yes.
Q. It was through them you got the goods, was it?
A. Yes, sir.
Q. And then afterwards you came to Ottawa and got this cheque?
A. It was checked in Montreal by Mr. Desbarats, the chief engineer of the government.
Q. And then you came up to Ottawa and the government gave you a cheque to pay you?

A. After it was sold and delivered.

Q. You can add up figures, can you?

A. Yes.

Q. Add up those figures you charged for to see what they come to. There are only eight of them——

The CHAIRMAN.—You might explain what your object is.

By Mr. Northrup:

Q. The difficulty is, as I understand, you added up your figures to some 600 or 700 more kilos than they should. That is you charged 600 or 700 kilos too much?

A. Oh no, no.

Q. Well, add them up, please?

A. The account shows 2,250.5 kilos. But by adding the figures I find that there is a mistake, and that the figures should total 3,822½.

Q. I want you to swear that that is the proper addition, if you will?

A. I cannot swear from this copy. If you will let me have it and take it home I will see about it.

By Mr. Foster:

Q. It seems to me to be impossible to arrive at a solid conclusion from that copy?

By Mr. Northrup:

Q. That is the original account sent in; it is attached to the other to which the signature is appended.

The CHAIRMAN.—As I understand the witness, this is a copy made from the original invoice which was furnished him by Busteed & Lane.

Mr. FOSTER.—What we want is the original invoice. If we have it we could easily see—it was asked for and ordered by the committee, and if we had it there would be no difficulty.

By Mr. Northrup:

Q. Have you the original invoice with you?

A. No.

Q. Did you get the original invoice from Busteed & Lane?

A. This is a copy of that invoice.

By Mr. Gervais:

Q. And the original invoice is in the hands of Busteed & Lane, and that is a copy?

A. Yes, except as to the deduction of 15 per cent.

Q. Did you get the original invoice from Busteed & Lane?

A. This is a copy of what I got from Busteed & Lane.

By Mr. Northrup:

Q. What did you do with the original invoice?

A. Well, I do not know, I returned it to Busteed & Lane.

Q. Where were you paid that account, at Ottawa, Montreal or Quebec?

A. At Ottawa.

Q. By the cheque I showed you?

A. Yes.

Q. What did you do with the cheque after you received it?

A. I cashed it.

Q. Where?

A. Here in Ottawa.

Q. Do you remember at which banak?

A. No, I do not remember.

Q. You did not go to the bank of Montreal, did you?
A. Well, of course the cheque is there, it will show.
Q. I think it shows you went to the Ontario bank, does it not?
A. Eh.
Q. Look at the cheque and see if you can tell where it was paid?
A. It was paid here.
Q. You went to the Ontario Bank with it, did you not?
A. I do not remember.
Q. You do not remember what bank you went to?
A. No.
Q. Did you yourself go to the bank?
A. Yes.
Q. Did you draw the money?
A. Yes.
Q. Did you draw all the money?
A. Yes.
Q. In cash?
A. In cash, yes.
Q. You are clear about that?
A. Yes.
Q. And took the money away with you?
A. Yes.
Q. You remember that as a matter of memory?
A. Yes.
Q. Now, I see on the back of this cheque there is a memorandum ?
A. Yes.
Q. Apparently the bank tellers, the kind the bank tellers make when they pay out cash?
A. Yes.
Q. There is a cheque for $2,500 and those denominations of bills to make up $4,786, the amount of the cheque?
A. Yes.
Q. Do you remember getting the money?
A. Yes.
Q. And you still stick to it you got it in cash ?
A. Yes.
Q. And you took it away from the bank with you?
A. Yes.
Q. Why did you cash it in Ottawa?
A. Well, of course, when you cash it in Montreal you have to pay discount.
Q. No, you do not, the government cheques are payable at par?
A. I received cheques from Ottawa almost every day, and I have to pay discount in Montreal.
Q. You swear you have to pay discounts every day on government cheques?
A. Not from the government, but from other parties here in Ottawa. You tell me that I would not now, but I did not know that you did not have to pay discount on government cheques.
Q. You say you did not know that you could have a government cheque cashed in Montreal without paying discount?
A. No, I did not.
Q. So you drew your money out in bank bills, out of the bank here?
A. Yes.
Q. What did you do with the money?
A. I took it with me.
Q. Where to?

A. To Montreal.

Q. You took it down to Montreal in your pocket, every dollar of it?

A. Of course.

Q. You took every dollar to Montreal without paying anything to anybody?

A. No.

Q. When you got to Montreal, what did you do with it?

A. I am not obliged to reply to that, I object to that question, sir. I might have bought some potatoes and some apples—I am not obliged to tell you that.

Q. This was a large sum of money, $4,000, to take in your pocket to Montreal?

A. It may be a small or a large amount, but I object to telling what I have done with the money.

Q. Did you put it in your pocket, or in the bank there?

A. That is my own business.

Q. You will not tell us whether you put that in the bank or put in your pocket?

A. No.

Q. Did you give anybody a rakeoff?

A. No.

Q. Will you swear you did not?

A. No.

Q. Will you swear you did not give anybody a commission?

A. No, not a cent.

Q. You kept it all yourself?

A. Yes.

By Mr. Gervais:

Q. Throughout your dealings with the government did you ever pay one cent rakeoff to any officer of the government directly or indirectly?

A. To nobody.

Q. Whether directly or indirectly?

A. Directly or indirectly.

Q. Your answer is quite clear as far as that is concerned?

A. Yes.

By Mr. Northrup:

Q. You bought these goods from Messrs. Busteed & Lane ?

A. Yes.

Q. Did you pay them before you got the money from the government?

A. I cannot say exactly, it might be after. Anyway, I know I paid them and the people have their money.

By Mr. Gervais:

Q. He is worth $60,000, ask him what he is worth?

By Mr. Northrup:

Q. Did you pay Busteed & Lane before you got this money or afterwards?

A. I think I paid them before.

Q. You think you paid hem before you got the money from the government?

A. Yes.

Q. What was your business at the time you sold these goods to the government?

A. I had been agent with Bellhouse, Dillon & Sons. Since the beginning of the year I was agent for myself.

Q. At the time these goods were sold, you were not in the employ of Bellhouse Dillon?

A. No.

Q. What was the date you sold these goods to the government?

A. I do not remember exactly, it must be there.

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Q. There is nothing on the account to show?

A. The date must be there somewhere.

Q. There does not seem to be any date at all. How long after the goods were delivered by you to the government did you get the cheque, do you remember?

A. Perhaps a month after.

Q. The cheque is dated, I think in January, 1905, the 17th of January; you think it was about a month before that the goods were delivered to the government?

A. Yes.

Q. In January, 1905, will you swear you were not in the employ of Dillon?

A. Yes.

Q. You were acting for yourself in this transaction?

A. Yes.

Q. Absolutely?

A. Yes. Well I have never been employed by Dillon, I was agent for them, not in their employ.

Q. You were agent for them, but never employed by them?

A. No.

Q. What business is the Dillion business?

A. They are in chemicals.

Q. It was Bellhouse, Dillon?

A. They were in the business of chemicals and since about eight years they are in the cement and paving business.

Q. And you say you were merely acting as agent?

A. As agent since.

Q. As agent were you paid salary by Bellhouse & Dillon?

A. I was paid so much a month. Lately I have had my shares of the profits.

Q. You had your share in the profits besides?

A. No, the last time I was acting I got so much a month.

Q. When did you leave Bellhouse & Dillon?

A. At the end of 1904.

Q. At the end of 1904?

A. Yes.

Q. What do you mean by the end, the 31st December?

A. Yes.

Q. At the very end of the year?

A. Well, I cannot tell you, they were in difficulties and they failed afterwards.

Q. I am not concerned in that, you said you left Bellhouse & Dillon at the end of 1904?

A. Yes.

Q. Do you mean by that the 31st of December, or merely in the last month?

A. I could not say exactly, towards the end of the year.

Q. After you left Bellhouse & Dillon then you bought these goods and sold them to the government?

A. Yes.

Q. And you were then acting solely for yourself?

A. Yes.

Q. I find a letter here from Mr. Gourdeau, deputy minister, and he had a different idea of your position. Mr. Gourdeau is writing to Mr. Desbarats and he speaks of you as the representative, Charles Strubbe, the representative of La Sirene, Paris.

A. Bellhouse & Dillon were the representatives of La Sirene in 1904, for small transactions, but after one or two months' business they quit it.

Q. That is very interesting, but it does not touch this. This is a letter inclosing the account of 'Charles Strubbe, representative of La Sirene, Paris.' Would that be this account for files and steel?

A. No.

Q. Had you some other transactions?

A. No.

Q. Did you sell the government anything besides the files and steel and cement?

A. No.

Q. That was all you sold?

A. Yes.

Q. Well, then, what account would that be, now, sir, you have already sworn you bought these goods for yourself from Bustead & Lane? Do you stand by that?

A. Yes.

Q. You were not acting for La Sirene, Paris?

A. No.

Q. Not at all?

A. No.

Q. It was all your own transaction?

A. Yes.

Q. Did you see the late Mr. Préfontaine at all about getting your account paid?

A. Yes.

Q. Do you remember going to see him about the beginning of the year 1905?

A. Yes, when I got my cheque, some days before.

Q. Before you got your cheque?

A. Yes.

Q. You went to see Mr. Préfontaine to have him hurry it up, I suppose?

A. Yes.

Q. There is a memorandum brought down by the government about your account, it is signed by Mr. Préfontaine, to the deputy minister, and this is the way he writes:—

'Kindly forward without delay Charles Strubbe's cheque, for articles which he sold and supplied by La Sirene & Co., and let me know when it is sent.' That is on the 4th of January, 1905. Now, did you tell Mr. Préfontaine that you were acting for the company?

A. No.

Q. Do you think Mr. Préfontaine imagined that when he wrote that letter?

A. I do not know what he thought. At any rate, I bought the goods from Busteed & Lane, and had nothing to do with anybody else.

Q. Now, how did you come to sell those goods to Mr. Préfontaine or his department, how did the bargain commence?

A. Because they had bought previously steel from that company, the same steel. So had other departments, the Public Works and others.

Q. They had bought from the company? How did you come to effect this sale, did you go to Mr. Préfontaine?

A. Messrs. Busteed & Lane wrote to me to come and see them. They said they had a lot of files and steel, which had been held with the C.P.R. for a long time, and that they were requested by their clients to get rid of it. So they asked me if I could take the matter in hand and sell them. I went to the department and asked them if they could take delivery of these goods.

Q. Who did you go to see?

A. Mr. Préfontaine, and he sent for the chief engineer, Mr. Desbarats, and after consulting him he decided to take them and divide them between Quebec, Prescott and Sorel, and he asked if the goods were first class; I told him there was nothing better in the world than these goods. Then he said the quantity was too big, and if we were to make a bargain we should make the price right. I agreed to give him 15 per cent discount.

Q. To induce him to take them?

A. Yes.

Q. Then the department agreed to buy them from you?

A. Yes.

Q. Then you went back and bought them from Busteed & Lane and sold them to the department?

A. Well, I had practically made the bargain and agreed to take them.

Q. You bought from Busteed & Lane first and then went to Mr. Préfontaine and sold them to him?

A. Yes.

Q. So that you were acting only for yourself in selling to the government?

A. Yes, selling to the government.

Q. You did not see Mr. Préfontaine until after you had bought the goods from Busteed & Lane?

A. No.

Q. Then when you bought this large quantity of steel and files from Busteed & Lane, did you know where you could sell them?

A. Well, I had not bought them, I bought them conditionally that I could get delivery, that I would take the matter in hand and try and do the best possible with the goods. There was a lot of expense, the goods were there for nearly a year at the depot.

Q. It came to this, that you did not buy them out and out from Busteed & Lane, you found what they would sell them to you for first? Is that it?

A. Yes.

Q. You found the price at which they could be bought?

A. Yes.

Q. And then you went to Mr. Préfontaine, and then after you had made your bargain with Mr. Préfontaine you went back to Busteed & Lane and said: I will take them?

A. Yes.

Q. Because you told us before that you paid Busteed & Lane, and afterwards you got your cheque from the government?

A. Yes.

Q. Now, were these the first files you ever dealt in?

A. Yes, well I saw an agent really about two or three years ago from La Sirene in Paris, and I was with the agent in Toronto and Montreal and other places.

By the Chairman:

Q. With whom?

A. With the agent of the La Sirene from Paris.

Q. You went around with the agent of La Sirene before that?

A. Yes.

By Mr. Northrup:

Q. You knew the prices at which these files were sold to the public when you were buying them?

A. Yes.

Q. As you know of your own knowledge the prices at which they were usually sold to the public, will you tell me what the ordinary selling price to the public is of this kind of file, take the flat bastard?

A. I cannot tell you, of course that is not my business. I had only a very small part three or four years previous, and thought the prices were always the same prices. There are only one or two firms manufacturing that kind of file.

Q. What about those prices that you have here? These are the prices charged in your account which is here, how do these prices compare with the prices at which they are sold ordinarily to the public?

A. All the same.

Q. These are the regular prices at which these are sold to the public?

A. Yes.

Q. Companies such as this are in the habit of giving very large discounts, are they not?

A. I do not know.

Q. Now, you have done businss as the agent of this company, do not such companies as this give large discount ?

A. No, sir, they do not give a cent of discount to anybody that I know of. I have sold them in Montreal and other places, and have never seen them give such discount.

Q. You never heard, innocent man, that these file manufacturers allow enormous discounts ?

A. No.

Q. Do you not know, from your experience with La Sirene Co. when acting for it years ago, that they allowed enormous discounts?

A. No, they allowed no discount.

Q. They allowed as high as 75 per cent discount, do you not know that?

A. No.

Q. When you bought these files from Busteed & Lane, did you know the value of the files, or at what price they sold for?

A. Well, I knew the prices that were on the invoice, I did not know the value except through the invoice which they handed to me. I was not in that line of businss.

By Mr. Northrup:

Q. So you bought these files from Busteed & Lane without knowing anything of the value of these files?

A. That is the way, I did not buy them unless I could—only provided I could sell them.

Q. You went out to see if you could sell them ?

A. Yes.

Q. You did not know or care what the ordinary selling price was?

A. Of course if people told me that the price was too high, or too low, when I tried to sell them.

Q. Then we cannot get any information from you as to the value of these files? Have you since made any inquiry, or do you to-day know anything about the price of files?

A. No.

Q. You know nothing?

A. No, not more than that I was asked to take the agency for them, and I refused because I did not know anything about them.

Q. Do you know anything about the quantity of files an ordinary factory would use?

A. No.

Q. You do not know anything about that, so you could not give us any idea whether a reasonable or an unreasonable quantity of files were bought by the government?

A. No.

Q. You also sold some cement?

A. Yes.

Q. How did you come to sell cement to the government?

A. By public contract, public tender.

A. At the time you tendered for the cement, were you in Bellhouse Dillon's employ?

A. No.

Q. That was after you left them?

A. Yes.

Q. Do you remember the figure that you were to get for it?

A. Yes.

Q. How much was it?

A. It was $1.80 per barrel, delivered at Sorel. Tenders were called for 6,000 barrels, to be delivered at Sorel during the season of 1905.

Q. Tenders were called for 6,000 barrels to be delivered at Sorel during the season of 1905?

A. Yes, I tendered at $1.80 and I got the contract.

Q. And you delivered the goods?

A. I delivered the cement at Sorel. And at the end of the season the quantity was increased for, about I think, 1,000 barrels at the same price.

Q. You are quite clear about that, Mr. Strubbe?

A. Yes, sir.

Q. Six thousand barrels?

A. That was what the tender called for, for 6,000 barrels.

Q. And your tender was accepted?

A. Was accepted.

Q. For the 6,000 barrels?

A. Six thousand barrels at $1.80 a barrel.

Q. And you paid freight to Sorel?

A. I did.

Q. Was there any dispute between you and the government as to any part of that?

A. No, nothing at all.

Q. They contracted to take the 6,000 barrels from you at Sorel?

A. And they took some more afterwards.

Q. Why was it, if your contract price was $1.80 a barrel, the government paid you $2.20 and paid freight?

A. They never paid freight, I paid that. The $2.20 included the price of bags. The price for bags was 10 cents per bag.

Q. There is your account (exhibiting account)?

A. Yes, but there was remitted 40c. per barrel for the bags. That was the agreement.

Q. You did not tell me about that 40c. a barrel. You told me the price was to be $1.80 delivered at Sorel?

A. And 40c. for the bags.

Q. You did not tell me that?

A. And that is given back when the sacks are returned. I owe the department $1,370 for bags still.

Q. Then your contract was for $1.80 cement delivered at Sorel?

A. Yes.

Q. And you were allowed 40c.?

A. For the bags.

Q. And when the barrels were delivered back you would refund 40c.?

A. Refund 40c.

Q. And you paid the freight?

A. I paid the freight.

Q. I see an account for freight for three barges?

A. That was the freight on three barges. I contracted that the cement was to be delivered by the 15th of May. At the beginning of May I had three barges at Sorel and they could not take them—of course they were not ready to take them—and I was obliged to forward those barges to Montreal and therefore I had to pay $50 for each of the barges which was agreed to. Those three barges had not been delivered at Sorel. They came but they were not ready to start work. Happily, I could sell them to the Harbour Commission at Montreal and sent them to Montreal and paid $50 for freight.

Q. For freight, I do not quite follow. Was it demurrage charges?

A. No, these barges were bound to Sorel, and it cost $50 per barge to forward them from Sorel to Montreal. The contract called for the delivery by the 15th of May, so I had three barges of cement delivered at Sorel at the beginning of May, in order that it might be supplied before the 15th May, but at that time—

By Mr. Brodeur:

Q. On the 15th May?

A. At the beginning of May they were not ready to commence work. They refused the cement. I was not obliged to take it back but just to please them I took it back. Of course, I could sell it to the Harbour Commissioners at Montreal, and I forwarded the barges to that city. That extra freight the barge men charged $50 for each barge, that is $150 for the three barges. It was a very clean transaction and very cheap. If I had not been able to sell to the Harbour Commissioners, I would have been obliged to have had delivery in Sorel.

By Mr. Northrup:

Q. Then you still have 3,500 barrels of cement to deliver, unless you have delivered the balance in the meantime?

A. Oh, yes, it has all been delivered, the whole quantity contracted for has been furnished, and they took about 1,000 barrels additional to finish the work in October.

Q. So that, if I understand your story, Mr. Strubbe, the cement you sold as represented by this account is the cement you tendered for?

A. Yes.

Q. And you got the contract at $1.80?

A. $1.80, yes.

Q. You were allowed 40 cent for the barrels?

A. For the sacks.

Q. 40 cents for the sacks?

A. Yes.

Q. If the sacks were given back you were to pay 40 cents?

A. Yes.

Q. As a matter of fact, no sacks came back?

A. Yes.

Q. How many?

A. Well I owe to the department $1,370.

Q. For sacks?

A. For sacks, yes.

Q. Your account is paid up in full, is that it, for the 6,000 barrels?

A. Yes.

Q. And you owe them $1,370?

A. The government afterwards gave me $2,250, but we have something in dispute about 1,000 barrels supplied afterwards to Quebec, and it is not paid for yet. This is a matter of dispute between the department and myself and which I hope will be settled satisfactorily.

Q. If the government pay you a due claim they owe to you, you owe them $1,370?

A. They have a credit note for that, a credit note is in the department.

By Mr. Geoffrion:

Q. Is it not a fact they have a credit note for the total amount of $2,600?

A. Yes.

By Mr. Foster:

Q. I want to ask you a question. How did you come to get into communication with Busteed & Lane?

A. Messrs. Busteed & Lane wrote me. I did not know them. I got a letter from them to come and see them, so I went to see them, and they told me that they were

instructed by Le Sirene to sell this steel. They mentioned my name to Busteed & Lane, because I had formerly acted for them in a matter.

Q. Now at that time did you make your conditional purchase?

A. They told me the price that La Sirene Co. were asking for it.

Q. Yes, but you arranged for your option at that time?

A. Yes. I said 'If I can sell it I will let you know.'

Q. You arranged to pay them a certain price provided you could sell the stuff?

A. Yes.

Q. What was the price you arranged to pay them?

A. Well I don't know.

Q. What is that?

A. I don't know, I did not agree as to prices.

Q. Busteed & Lane did not agree as to the prices at that time?

A. No.

Q. What was said as to prices? They must have had some idea?

A. I said I would try and get the best offer I could and submit it to them and they would decide.

Q. To whom did you go then in your search for an offer?

A. I have been to several parties. I went to nearly all the dealers in Montreal and I went to a lot of people.

Q. That is all right, you went to several people?

A. Yes.

Q. You could not make a sale with these people?

A. Well it was a big quantity.

Q. What was the trouble? Could you not agree upon the price?

A. There was no question of price. Of course that price is known to everybody as a fixed price.

Q. What was it then a question of quantity?

A. I don't know; they were not in a position to buy.

Q. Anyway you did not sell to anybody else?

A. No.

Q. Then you went away?

A. Well I went to the Department of Marine and Fisheries.

Q. Whom did you see first?

A. Mr. Prefontaine.

Q. He was the first man in the department you saw?

A. Yes.

Q. And did you agree on any price with Mr. Prefontaine?

A. No. He said he could not take it because he had to consult his department first.

Q. Then you went to see him again?

A. Yes.

Q. Was he then able to make an arrangement with you?

A. Well, he sent Mr. Desbarats to see the goods, and report what kind of goods it was, and then he told me what reduction I could give.

Q. He told you what?

A. He asked me what reduction I could make, so I arranged to give him 15 per cent reduction.

Q. And he agreed to take the goods at a 15 per cent reduction?

A. Reduction, yes.

Q. That means 15 per cent off the list price?

A. The list price.

Q. Then you went back to Busteed & Lane and you concluded your bargain with them?

A. Yes.

Q. When you came here for your cheque, had you dealings with the Bank of Ontario?

A. No.

Q. Do you remember what it was that sent you to the Bank of Ontario rather than the Bank of Montreal on which this cheque was issued?

A. Nobody.

Q. Why did you go to the Bank of Ontario rather than to the Bank of Montreal?

A. Of course when I was working here on the paving, I used to go there for my account.

Q. That is what I asked you, if you had dealings with Ontario Bank?

A. When I was constructing the asphalt pavement here I did my banking business with the Ontario Bank.

Q. Well, you took that cheque to the Ontario Bank and you got the amount in cash?

A. In cash, yes.

Q. Part of it in cash, or the whole of it?

A. Well, it is marked there, I forget all about it. It is marked on the cheque how it had been paid, I suppose . I did not mark that on the cheque.

Q. You are certain you got it all in cash?

A. Yes.

Q. And no part was in cheque?

A. There was a cheque for 2,000 odd dollars in my name, of course it is marked on the back of the cheque.

Q. But I understood you to say that you got it all in cash?

A. Yes. Well, that is cash.

Q. Do you call a cheque cash? Just look at it and refresh your memory?

A. Well, I do not remember all those particulars.

Q. Yes, but you said you did remember and you swore to it?

A. Yes, there was a cheque for 2,500 that I deposited to my account in the Bank of Hochelaga.

By the Chairman:

Q. You mean that part of the money was a cheque for $2,500 which you took with you and deposited to your account at the Hochelaga Bank in Montreal?

A. Yes.

By Mr. Foster:

Q. Then you correct your previous statement that you received it all in cash?

A. I call a cheque cash.

Q. You call a cheque cash.

A. Of course.

Q. Then you received $2,500 in the shape of a cheque?

A. Yes.

Q. And did you receive the rest of it in the shape of a cheque or cash?

A. Well, it is the same; in bills.

Q. Well, what is it?

A. In bills, you have all the particulars there.

Q. What I want to find out is whether you got the $2,500 in a cheque? You say you did?

A. Yes, the $2,500 and bills.

Q. And the remainder did you get in bank bills or cheque?

A. In bank bills. It is marked there.

Q. That then is the correct statement, it is marked on the back of that cheque ?

A. Yes.

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By the Chairman:

Q. This states you got one hundred 20 dollar bills, twenty-eight 10 dollar bills, one 5 dollar bill and one 1 dollar bill. You think that is correct?

A. Yes, it must be. Of course I do not remember.

Q. You do not remember particularly, but you have no reason to think it is not correct?

A. Yes.

By Mr. Foster:

Q. Then you think that is correct?

A. Yes.

Q. Now can you explain why you took $2,500 of that in a cheque and the other in bank bills?

A. Well, of course, I had use for the bills at that moment.

Q. At that moment?

A. Yes, I suppose so.

Q. What use did you make of those bank bills at that moment?

A. Well, I cannot remember. I do not think I am obliged to say what I did with every dollar of the money that I got.

Q. Recollect, Mr. Strubbe, that you swore a little while ago that you took that in cash, because you feared you would have to pay a discount if you took it in a cheque and brought it to Montreal?

A. Yes.

Q. Well now what do you say about that when we find that you did take $2,500 in a cheque and the rest in bills and now say that you took the bills, because you had a present use for them? Those two statements are not consistent are they? It was your fear of the discount, according to your first statement, that drove you to that action and now you say you got those bills because you had a present use for them. Which is true?

A. I had need for some of the cash, and I took a cheque for $2,500 feeling that I would have only that amount to pay exchange between Ottawa and Montreal.

Q. Then you used the part of the money that you took in bills ? You did that here in Ottawa, did you?

A. No, sir.

Q. Did you take that to Montreal?

A. Yes.

Q. Then what becomes of your statement that you took the bills because you had a present use for them?

A. I wanted to make present use of the money in Montreal not in Ottawa.

Q. Your present use that you wanted to make of those bills was not in Ottawa, but Montreal?

A. Yes.

Q. And you preferred to take the money in your pocket in the shape of bills?

A. Yes.

Q. And you took the other in a cheque?

A. Yes.

Q. You have received cheques from the Dominion Government for the payment of your cement and the like of that have you?

A. Not at that time.

Q. Have you received cheques in payment for your cement?

A. When?

Q. At any time?

A. Not at that time.

Q. At any time? How were you paid for your cement, by cheque?

A. I did not supply any at that time.

Q. You have supplied since, have you been paid by cheque?
A. Yes.
Q. And not by bills?
A. Not by bills.
Q. The cheques being sent to you where?
A. To Montreal.
Q. What did you do with those cheques, deposit them?
A. Yes.
Q. Did you ever pay discount on one of them?
A. No.
Q. You never paid discount then on the cheque that you received from the Dominion government?
A. I did not know that at the time. That was the first time I got a cheque from the government.
Q. But the cheques you received from the government in payment for goods you supplied then you deposited and you say you never paid discount on them?
A. Since that time?
Q. Did you ever pay discount on a cheque you received from the Dominion government?
A. No.
Q. And yet you took a part of that account in bills because you feared that you would have to pay a discount if you took it down to Montreal?
A. Yes.
Q. And you did not want to use any money here in Ottawa?
A. No.
Q. Out of that?
A. No.
Q. Yet you divided part cheque and part bill?
No answer.
Q. You got a cheque from the Ontario Bank for $2,500 you took it to Montreal, and you deposited that did you?
A. I suppose so.
Q. Where?
A. I suppose it was in the Bank of Hochelaga, in the Hochelaga Bank.
Q. The Bank of Hochelaga?
A. I think so.
Q. Do you deposit there as a rule?
A. Yes.
Q. Do you deposit with the city and district savings bank?
A. No.
Q. What?
A. I cannot tell you, I am dealing with several banks.
Q. Do you deal with savings banks?
A. Yes.
Q. Do you deal with the City and District Savings Bank?
A. Not for deposit. As I say with the Hochelaga Bank.
Q. Have you made deposits with the other banks?
A. Yes.
Q. That is the savings bank I mean?
A. The savings bank.
Q. You have a savings bank account there?
A. Yes.
Q. Did you deposit that cheque for $2,500 that you got from the Ontario Bank with the City and District Savings Bank?
A. No.

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Q. You did not?
A. No.
Q. That you deposited with the Bank of Hochelaga ?
A. Yes.
Q. When did you make the payment to Busteed & Lane?
A. Well, I have not all these things in my memory?
Q. Well, you are here to tell?
A. I cannot tell you, I have no recollection of the date.
Q. After you received that money here in cheque and cash, what was your next transaction with Busteed & Lane?
A. I had no more transactions.
Q. Had you paid them before?
A. I think I had.
Q. You swear then that you had already paid Busteed & Lane?
A. I would not swear it, but I think I had.
Q. You think you had paid them before?
A. Yes.
Q. And none of the money you got from that cheque went to pay Busteed & Lane?
A. I cannot tell that, I cannot say.
Q. That is what you say, according to the best of your knowledge. Of course if you had paid it before you would not go to them ?
A. I think I had paid them before.
Q. You had paid them before and none of this went to them?
A. No, I do not think so.
Q. And none of it was deposited in the City and District Savings Bank?
A. No.
Q. Do you recollect whether in your deposit in the Bank of Hochelaga of that $2,500, you had to pay a discount?
A. From the government?
Q. No, no. You took a cheque of $2,500 from the Ontario Bank and you deposited that with the Bank of Hochelaga. Did you have to submit to a discount on that?
A. Well, I cannot say now.
Q. You do not know?
A. No.
Q. You do not know that you did pay anything?
A. No.
Q. Why did you not take it all in cash if you feared a discount?
A. Because I would like to have it otherwise. It was my own business, the paying of it in the manner I wanted. Nobody had the right to give me any advice. It was my own money and I arranged to take it as I wanted it.
Q. You have no reason particularly as to why you took part in cheque and part in cash?
A. I might, but I do not think so. If I wanted it so of course it suited me.
Q. With whom did you make the arrangement with the firm of Busteed & Lane? Was it with Mr. Busteed or Mr. Lane?
A. Mr. Busteeed.
Q. With Mr. Busteed?
A. Yes.
Q. You do not recollect when you paid him?
A. No.
Q. Did you bring your cheque book with you?
A. When?
Q. Now, when you came here.
A. No.

Q. Did you bring your cheque book with you?

A. No.

Q. Did you bring your bank book?

A. No.

Q. I think that was in the terms of the order, that you were to bring your books and papers?

A. Well, I don't keep books.

Q. But you keep a cheque book, don't you?

A. But it is a long time ago, it is two years.

Q. Since you had a cheque book?

A. No, since that cheque has been paid.

Q. That is the reason you were ordered to bring your books and papers with you, so that you could refresh your memory. You did not bring your cheque book nor your bank book?

A. I never thought to bring my cheque book.

Q. Did you pay Mr. Busteed in cash or by cheque?

A. Pay Busteed?

Q. Yes.

A. Well, I paid him in two payments, I cannot tell exactly what amount?

Q. You paid him in two different payments?

A. Yes.

Q. At two different times?

A. That is my recollection.

Q. Do you recollect whether you paid him by cheque?

A. Well, as I told you I have not all these things in my memory, I cannot recollect all these things.

Q. How much did you pay Busteed?

A. I have forgotten all about it.

Q. How much did you pay Busteed?

A. I paid him what I owed him, every cent that I owed him.

Q. It was over $2,000, I suppose?

A. Well, I don't know.

Q. What is that?

A. Oh, yes.

Q. Do you remember whether you made that payment in money or in cheque?

A. Yes.

Mr. FOSTER.—Then we will have to get your cheque book and see what you did check out and how you paid it. You will have to get that cheque book and bring it here.

Mr. Northrup:

Q. Now, Mr. Strubbe, you took the cement back to Montreal?

A. No.

Q. I thought you said you took it from Sorel to Montreal?

A. Yes, those three barges, yes.

Q. Do you know what was done with this cement after it was taken to Montreal?

A. It went to the Harbour Commissioners.

Q. You told me that you tendered for this cement at $1.80 a barrel, and you were to be allowed 40c.?

A. $1.80, and 40c. per bag, making $2.20.

Q. The reason I ask that is because I find here a letter of March 18, written by you to Mr. Préfontaine, to the following effect:—

'MONTREAL, March 18, 1905.

'Hon. R. PRÉFONTAINE,

'Minister Marine and Fisheries.

'I hereby agree to supply your department with 1,500 barrels quick setting, and 3,550 barrels slow setting, Portland cement, from the International Portland Cement

Co., of Ottawa, similar, at the price of $2.20 per barrel delivered at Sorel. Barrels of 350 lbs. net in four bags of 87½ lbs. each, bags to be refunded at 10c. each when returned in good order.

'Hope the offer will be accepted.

'I remain,

'Your truly,

(Sgd) 'C. STRUBBE.'

Q. That is it. That is just what I told you.

Q. It is not for the barrels, then, it is for the bags?

A. For the sacks. I allowed 10c. per sack, so the price when the sacks are returned is $1.80: 40c. for the sacks. That is just my tender.

Q. Where is this Park Lafontaine? Your address is given in this account?

A. In Montreal.

Q. Is it your place of business?

A. That is my residence, 472 Park Lafontaine.

Q. Your account is headed 'Department of Marine and Fisheries, Government Ship Yard, Sorel. Statement of steel tools and files held by Charles Strubbe, 96 Park Lafontaine, Montreal'?

A. I have moved since then.

Q. You have moved since then?

A. I have moved since.

Q. And that is merely the address to show where you live?

A. Yes.

Q. Do you know how Busteed & Lane came to have this lot of tools?

A. No.

Q. Or anything about the circumstances under which they got them?

A. No, they did not tell me.

By Mr. Geoffrion:

Q. You have been living in Montreal a good many years?

A. Eighteen years.

Q. You have been doing business as a general contractor in Montreal?

A. With Bellhouse, Dillon & Co.

Q. And you have been getting some contracts for yourself?

A. No.

Q. You have been selling?

A. Selling, yes. I was interested in the business of cement, and was with Bellhouse up to the end of 1894.

Q. In regard to the sale of files to the department, you said you sold them to the government at a discount of 15 per cent?

A. Yes.

Q. Would you explain to the committee the reason why you made such a discount? Was it on account of the quality of the goods or on account of the great quantity?

A. It was because there was a great quantity.

Q. No private dealer in Montreal would undertake to buy such a large number of files without a discount, or at a good price?

A. I don't think so.

Q. Only a great concern like the government would undertake to buy such an immense quantity of files and thus get the benefit of such a price?

A. Yes.

Q. Do you know as a matter of fact that these files have been distributed among the various shops of the government?

A. I was told they were divided between Sorel, Quebec and Prescott. The three shops of the government.

Q. Do you know as a matter of fact that what was paid for these files merely represents about the cost price of cast steel?

A. This is the cast steel, triple tempered steel, tempered three times.

Q. Which is only sold by a couple of firms in Europe?

A. In France, and only in France.

Q. At a special price?

A. At a special price to the departments of Canada. They bought this for tool-making.

Q. That cast steel is used for making tools?

A. Tools, yes.

Q. And all the departments of Canada have been buying for many years back that kind of goods?

A. Yes.

Q. Do you know for how many years back the government of Canada have been buying these goods?

A. No.

By Mr. Brodeur:

Q. Before you sold these files to the department and before you received that cheque in the month of January, I think, 1905, did you ever receive any other cheque from the government?

A. No.

Q. It was the first transaction you had with the government?

A. Yes.

By Mr. Foster:

Q. Did you supply any other department except the Department of Marine and Fisheries with goods of any kind?

A. Not me.

Q. You did not?

A. Personally no, but with Bellhouse, Dillon & Co., we have sold the cement, nearly all the cement, used on the Soulanges Canal, that is as regards cement?

A. Cement, yes.

Q. As agent for Bellhouse and Dillon?

A. I was interested in the business.

Q. You sold cement to the other department?

A. Yes.

Q. And received your pay therefor?

A. It was not in my name.

Q. The cheques went Bellhouse and Dillon?

A. Yes.

Q. You were acting as agent?

A. Yes.

Q. Do you know anything about the prices and values of the steel you sold to the department?

A. No.

Q. You have no knowledge of it?

A. No.

Q. No expert knowledge?

A. No.

Q. And I think you said you did not know how Busteed & Lane came to have this large consignment?

A. No.

Q. They did not say anything to you about it?

A. No.

Q. This list price at which you sold at 15 per cent discount, was that the list price of La Sirene?

A. That was the list price. I made the price myself. I made the price at 15 per cent discount.

Q. What was the list price on which you gave the discount of 15 per cent?

A. Well that was the list price. The ordinary price that everybody was buying at.

Q. Was it the Canadian list price?

A. The Canadian list price the price delivered here.

Q. The Canadian list price?

A. Yes.

Q. Not the list price at La Sirene?

A. It was only La Sirene that could sell those goods. They supply to all the departments. You can see what the department paid and the price that everybody else paid before the department got the 15 per cent discount.

By Mr. Gervais:

Q. F.O.B. here?

A. F.O.B. here.

Q. But this price was the Canadian list price?

A. The Canadian list price.

Q. And you gave 15 per cent off?

A. Off that price.

Q. And that was f.o.b. duty paid in Montreal?

A. Duty paid in Montreal.

By Mr. Foster:

Q. When you say it was the Canadian list price, was it the French Company's list price for Canada or was it the Canadian list price here in Canada for that class of goods?

A. I could not say. I just got that price from Messrs. Busteed and Lane.

Q. You got the price from?

A. From Busteed and Lane, that is all. I did not see anybody else but Busteed and Lane.

Committee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
June 22, 1906.

The select Standing Committee on Public Accounts met here this day at 10 o'clock a.m., Mr. Geoffrion in the chair, and proceeded to the further consideration of the accounts of Charles Strubbe, as set out at P—163 and 168 of the Auditor General's Report for 1904-5.

Mr. CHARLES STRUBBE recalled and further examined

By the Chairman:

Q. Have you those cheque books with you, you were ordered to bring them to be examined specially on some accounts? You will have to bring these cheque books just to be examined, and leave it to the committee to see whether your examination is right on that point.

A. I have no cheque books.

By Mr. Fielding:

Q. The committee say they want that one cheque.

A. I don't keep books at all.

By the Chairman:

Q. If you do not keep a record of the cheques you will probably be able to get the cheques in the banks?

A. I cannot say, I am not sure.

Q. Have you got the stubs of the cheques?

A. No.

Q. Will you bring the papers you have? If you have not got the stubs try and get the cheques. You can go to the bank.

A. What is the date marked on that cheque there?

Mr. BENNETT.—I want to see the cheque itself.

The CHAIRMAN.—Mr. Strubbe has been ordered to get these cheques if he can. Either he has got them or the bank has got them. Of course he will have to return to Montreal about that.

Witness retired.

Mr. GEORGE J. DESBARATS called and sworn, and examined

By Mr. Foster:

Q. Mr. Desbarats, what is your position?

A. I am director of the government shipyards at Sorel.

Q. Which are operated by the government?

A. Which are operated by the government, yes.

Q. Are you cognizant of the purchase of steel and files referred to in this account?

A. Not of the actual purchase. I am cognizant of the reception of the files and of the steel, and of the certifying of the account.

Q. What is the first you heard of these two accounts, as you call them, or transactions; what is the first knowledge you had of these two transactions?

A. I was in Mr. Préfontaine's office in Montreal in the month of December, 1904—I think it was the 12th of December—and Mr. Préfontaine told me that there was a quantity of steel and files lying in store in Montreal.

Q. At what place?

A. At the Canadian Pacific depot.

Q. Consigned to whom?

A. I think they were consigned to La Compagnie La Sirene.

Q. Received by whom?

A. I have no distinct recollection. I did not see any papers in connection with them.

Q. He informed you that there was a quantity of files and steel lying at the Canadian Pacific depot. Then what?

A. He wished me to go down and see these goods, ascertain if the quantities mentioned in the list he handed me were there. I think I met Mr. Strubbe at the office there.

Q. With Mr. Préfontaine?

A. Yes, and he requested me to go down with Strubbe to the station to see these goods and ascertain if the quantities mentioned in the list were correct, and if the goods could be utilized at the Sorel shipyards.

Q. If they could be utilized?

A. Yes.

Q. Did you understand from the minister that these had been ordered for the department?

A. Yes, I understood that they had been ordered.

Q. By whom?

A. By the minister.

Q. By the minister himself?

A. Yes.

Q. For the department?

A. Well, I did not know that there was any particular—that was my understanding at the time.

Q. That was your impression?

A. Yes.

Q. Then the question he asked you was to go down and see these and see whether or not they could be utilized?

A. Whether they could be utilized at the Sorel works.

Q. Yes?

A. I went down to the station——

Q. With whom?

A. With Mr. Strubbe

Q. Yes?

A. And I saw the cases—the steel was not cased, but the files were all cased. It was not possible to examine them. The Canadian Pacific would not allow the cases to be touched. However, you understand that there was a large quantity of material, not so much steel—the quantity of steel was not so large, but the quantity of files was quite large. I came back and told Mr. Préfontaine that while we could probably use the files that the quantity was extremely large.

Q. Quantity of the files?

A. Yes, and of the steel also, for the quality.

Q. Just here. Had you ever made a requisition on the department or to the minister previous to that for these files or this steel?

A. No. He suggested that perhaps we could utilize the material between the Sorel works and some other works of the department and it was agreed that Sorel would take one-half, the Prescott depot would take one-third, and the Quebec depot would take one-sixth.

Q. That was the division that you yourself practically made, being a practical man?

A. Yes, that was agreed upon between the minister and myself that we would do that. Then it was further agreed that the material would be shipped down to Sorel to be checked over, and we would make the division there and reship the proper quantities to the other agencies.

Q. Prescott——

A. Prescott and Quebec. This was done.

Q. Just before that; were there any charges on that consignment?

A. There was a large amount of charges, I understand.

Q. What were they?

A. For freight——

Q. Duty?

A. I presume duty.

By Mr. Pardee:

Q. And demurrage?

A. And demurrage?

By Mr. Foster:

Q. They had been lying there?

A. For quite a long time, I understand.

Q. Ordered by the minister?

A. Yes.

Mr. GERVAIS.—It is not proved that it was ordered by the minister at the start.

By Mr. Foster:

Q. Mr. Desbarats, did you understand that these goods—had you the impression at that time that these goods had been ordered for the use of the department?

A. That was my impression.

Q. They were not ordered on your requisition?

A. No.

Q. They were not ordered by you?

A. No.

Q. It was your impression that they had been ordered by the minister?

A. My impression, which I gathered perhaps from various sources,—I may not have had it just at that time—my impression was that the minister had ordered these goods from an agent, a travelling agent. At that time there was a number of travelling agents for French houses in Canada selling steel and files, and they were extremely clever sellers.

Q. They would only send that class?

A. I presume so. I understood that one of them had sold steel and files to Mr. Prefontaine.

Q. For the use of the department?

A. Well, I heard so many things one way and another that I do not know. but my impression at that time was that they were for the use of the department.

Q. These had been lying you say, for how long at the railway station?

A. I have no knowledge. I knew it was a long time,

Q. Possibly a year?

A. Possibly.

Q. Did you pay the demurrage and charges?

A. No.

Q. These were paid by the department, I suppose?

A. I do not think so.

Q. By whom, then.

A. By the parties who were selling the goods.

Q. By Mr. Strubbe.

A. I suppose so.

Q. Then these had been lying there for considerable time, possibly a year, and charges had accrued on them before you got them out. Of course these charges would have to be paid?

A. Yes.

Q. And were paid. Do you know what these charges amounted to?

A. No.

Q. If they were paid by the agent we could get it from Mr. Strubbe. If paid by the department, we could get it from the department. Now, what is your impression at that time as to Strubbe's connection with it. Did he seem to be an agent for this Compagnie La Sirene?

A. My impression was——

Mr. BRODEUR objected that that was not a fair question.

By Mr. Foster:

Q. Did you consider at that time that Strubbe was the agent for La Sirene?

A. Well, I did not consider that he was in any sense their agent when the sale had been made.

Q. I mean at this time, when he with you an dthe minister talked over the matter and he went with you to the Canadian Pacific station?

A. Well, I do not know whether he was the actual agent of the La Sirene Compagnie. It did not strike me that he was an agent in the regular sense. It seemed to me more that there had been trouble about this order. I understood that the minister in giving the order had no idea that he was ordering such a large quantity of material.

Q. This clever agent rather got ahead of him?

A. Well, I presume so.

By Mr. Gervais:

Q. Have you any personal knowledge?

A. I have no personal knowledge of it at all.

Q. Don't speak of things you have no personal knowledge of?

A. I am saying it was only an impression.

Mr. BRODEUR objected that that was not a fair way to examine the witness.

By Mr. Foster:

Q. Very well. Now, Mr. Desbarats, we have got down to your taking them to Sorel, and your dividing them there to the different agencies, these three.

Q. There is no doubt that that transaction marked them as being sold for government use?

A. Certainly.

Q. Whatever it was before. Have you any knowledge at all that would explain why these things had lain at the Canadian Pacific station that length of time?

A. Well, no, I knew nothing about the transaction until I went in to Montreal that day.

Q. At that time and after, you never found any reason for this long delay—or did you?

A. Oh, no, nothing but stories that I heard, but I never saw any papers about it, nor have I any knowledge of the exact dates at which these were received.

Q. Did you hear certain statements made as to the transaction?

A. Yes.

Q. Will you tell what they were?

Mr. BRODEUR.—I object to that.

By the Chairman:

Q. Might it not be that this agent, or whoever represented this house, might have shipped these goods to Montreal in the hope of selling them, or do you know whether they were sold. I simply ask this question from the witness, whether he knows as a fact or not what was the answer to that. Do you know whether these goods were or were not sent there to Montreal consigned there with other lots to the government, to the minister or not?

A. I have no knowledge of that.

By Mr. Foster:

Q. To whom were these packages addressed?

A. I have no clear recollection.

Q. You see the circumstances were that there were a large amount of goods which had laid here for some time: you were instructed to go down and see if they were suitable for the department, Mr. Strubbe went with you, there were demurrage charges and the like of that, did you not rather carefully note to whom those were addressed?

A. The cases would probably not bear any definite address, they would probably bear a mark.

Q. Did they not, as far as your recollection or knowledge goes, bear any address?
A. I do not remember any address on them.
Q. Did you see the invoices at that time?
A. No, I did not see them.
Q. You had nothing to do with anything, but just taking hold of the packages as they were and reshipping them down there?
A. No, I did not reship them.
Q. You instructed them to be reshipped?
A. No, they were shipped to me at Sorel.
Q. By the Canadian Pacific Railway?
A. Yes, by the agent at Montreal, he gave the instructions, I could not touch those packages.
Q. When you and the minister agreed that they were to be shipped down to Sorel, did you instruct anyone to send them there?
A. No.
Q. That was done by somebody else?
A. Yes.
Q. Do you know by whom it was done?
A. By Mr. Strubbe, I understand.
Q. By Mr. Strubbe?
A. Yes.
Q. You are quite sure that he ordered them to be shipped down to Sorel?
A. Yes. I was not there when he gave the order.
Q. Do you know or do you not?
A. He told me that he was shipping them.
Q. Mr. Strubbe told you he was shipping them to Sorel?
A. Yes.
Q. And you received them at Sorel?
A. Yes.
Q. Mr. Strubbe did not tell you or did any one else tell you what particular position he stood in with reference to these goods, whether he was the owner, the agent, or what?
A. No.
Q. Well, now, when you received these at Sorel, what was your next action?
A. We had them checked over.
Q. Checked over the goods with the account?
A. Against the list which was sent with the consignment.
Q. The list? Do you mean that Mr. Strubbe had sent you a list?
A. That Mr. Strubbe sent me.
Q. You received no other list but the one Mr. Strubbe gave you?
A. No.
Q. Mr. Strubbe had that list?
A. Yes, he sent it to me by mail.
Q. That was practically this list here, as far as the quantities go?
A. I presume so.
Q. Well, and against that list you checked up the contents of the packages?
A. Yes.
Q. And you found them to be all right?
A. I think the total quantities were all right. I think there was some correction made in certain grades.
Q. There was some correction made on certain grades?
A. Yes.
Q. On the qualities?
A. No, on some of the detailed quantities, my recollection is that the total quantities were right.

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Q. Did you have anything to do with reference to the prices and values?

A. Yes, I looked over the prices, I compared them with the quotations I had with other companies for similar materials.

Q. Such companies as Societe Chatillon Commentry, of Paris, and the Societie Metallurgique de la Seine, of Paris. I had bought some few files from the Societie Metallurgique.

Q. That is a Paris company?

That is a Paris company, the same style of goods, and their prices were the same.

Q. Were these a special brand or quality?

A. Yes.

Q. Such as you always used in the work?

A. No, such as we used for special purposes.

Q. Will you explain that to the committee—you used many files?

A. Yes, we use a large quantity of files.

Q. And heretofore you had bought your files——

A. We had bought our files from jobbers in Montreal. We were buying there the 'Black Diamond,' 'Diston,' or the 'Jowett' files.

Q. These were not the same grade of files or were they the same?

A. No, they were not the same grade files as these files from La Sirene.

Q. Is it not a fact that the quality of file you got from La Sirene was a special quality to be used for special work, or was it a quality you would put into the workshop generally all through, from top to bottom?

A. It is in a workshop, in a mechanical workshop, these are files which we can use right through.

Q. You could use them?

A. Yes.

Q. But would you use them?

A. They are not files which we would put on our boats, because they would be too liable to be lost.

Q. That is, they were too valuable?

A. Too valuable to risk the loss of them.

Q. But for mechanical work, on iron work, I am speaking of?

A. They are much better files than the ordinary file that we get.

Q. Now, supposing, Mr. Desbarats, the business had gone along in the ordinary course, you being the director of these works there, and knowing what was needed, and making your requisition; I suppose when you had to purchase you would make a requisition on the department for what you required?

A. No, we generally purchased direct.

Q. You have authority to purchase without reference to the department?

A. To this extent, that we always make any purchases subject to the department, but we make it out ourselves.

Q. You make the purchase first?

A. We give the order, we make out the order and send a copy of the order to the department.

Q. For approval?

A. For approval, and the order is given to the party from whom we are purchasing.

Q. Now, then, following that course, supposing you had found that you were in need of files for your workshop, would you have made such a requisition as this on the department either as to quantity or quality?

Q. As to quality, yes.

Q. As to quality, you would?

A. Yes.

Q. For all your workshop work?

A. No, for a portion.

Q. Not as to quantity?

A. Oh, no, I would not have ordered that large quantity.

Q. Of that high class article, that high class tool which must be carefully used on account of its value would be sparingly used practically speaking?

A. Yes.

Q. You would not have made such an order as that?

A. No, I would not have ordered such a large quantity.

Q. It is your opinion that the order was an excessive order?

A. Yes, I would never have ordered such a quantity as that.

Q. Supposing you had been making out a requisition for a large quantity, would you have ordered for more than one year's business?

A. Oh, no, I would never order as a rule, I do not order for a year ahead.

Q. About how long would you order?

A. That would vary very much, according to condition. On a special imported article I might order a year's supply.

Q. You might order a year's supply of imported goods, that would have been a comparatively small portion, an order for a year's business?

A. Well, you are asking how much I would have ordered for a year?

Q. Supposing you had been conducting a business and you wanted files of that quality and you said: 'I will order for a year,' what proportion of this amount that was taken would you have ordered?

A. That is a hard question to answer. At that time we were using a small number of thse files, they were a new departure, we had been using a few in an experimental way to see if it was any advantage to use them.

By Mr. Gervais:

Q. Is it an advantage?

A. We have been using these goods in an experimental way and have been extending their use and gradually find that is advantageous to use them.

By Mr. Foster:

Q. It is an advantage to use more ?

A. Yes.

Q. Now come up to answer the question?

A. Well, I should say 30. I might have ordered 25 or 30 dozen.

Q. What was the amount of this order?

A. 264.

Q. 264 dozen. Now, you say you compared these as to values with the list sent to you by Mr. Strubbe. Is that the price list of La Sirene?

A. I do not know, it was not a printed price list, it was an invoice.

Q. It was not a printed price list, it was an invoice. Did you ever see a printed price list of La Sirene?

A. No.

Q. With reference to these goods?

A. No.

Q. You were never provided with that?

A. That would give me absolutely no information.

Q. Were you ever provided with a price list of La Sirene?

A. No.

Q. But what purported to be a price list to you by Mr. Strubbe, you saw ?

A. That was the selling price.

Q. What is your distinction between the standard price list of a company like the Co. La Sirene and the selling list?

A. All file companies have their standard price list.

Q. That is printed?

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A. Printed. And when they make a sale they will give you a certain discount off the price list.

Q. Are these discounts considerable discounts?

A. Yes.

Q. Running, for instance, in your experience to what?

A. Oh, the printed French lists they run from 30 to 50 per cent.

Q. From 30 to 50 per cent discount on the French lists? What is it on the Canadian lists?

A. The Canadian and American list have run from 60, I think, but the jobbers' list at present is 60 and 10.

Q. 60 plus 10?

A. 60 plus 10.

Q. That is 60 off and 10 off the remainder?

A. Yes.

Q. Did you take it that this list given you by Mr. Strubbe was their standard list?

A. No.

Q. You took it that was their selling list?

A. Their selling list.

Q. Then it was just simply the goods with the price attached to each quality, was it?

A. Yes, it was the same.

Q. It was the bill of the goods?

A. The same account, which, I think, you have there before you.

Q. Simply a bill of the goods with the prices?

A. Yes.

Q. And you have never seen or been provided with the list of La Sirene Co.?

A. No.

Q. And you had no knowledge as to what discounts these prices that Mr. Strubbe charged would be on their price list?

A. No.

Q. How did you then get at the values?

A. From the prices which I had paid for similar articles.

Q. From La Sirene Co.?

A. No, from other companies.

Q. For articles of the same quality?

A. Of the same quality.

Q. Which you had bought in small quantities?

A. Small quantities, and on which I had quotations, but which I had not bought.

Q. And you would find no difficulty in buying at any time, those goods whenever you wanted them?

A. No.

Q. As a matter of fact, these prices attached to this by Mr. Strubbe showed what discount they were to the list price?

A. Well, I have not the list. I could not tell.

Q. But you had the list of other companies of the same quality of goods, and when you bought from these other companies of course you had the list prices and the discount of the other companies?

A. I had—on some I had net prices.

Q. On some you had net prices?

A. On some I had discount.

Q. What were the discounts on those you had? from 30 to 50 per cent?

A. On that quality it was about 30 per cent.

Q. What would you consider to be the discount of those as represented by Mr. Strubbe's values?

A. I have no idea, because the French lists vary.

Q. From time to time?

A. No, from one company to another.

Q. Then we come back to the old difficulty that in fact you have never seen the price list of the La Sirene Company?

A. No.

Q. And you cannot state and do not state what the discounts are at these rates on their lists?

A. No.

Q. You never asked for their list?

A. No.

Q. It is only fair to ask you another question, these goods that you bought from Mr. Strubbe. How do the qualities compare with the qualities of other goods, were they about the same quality or were they higher than others?

A. The prices on the list were no doubt the same, as far as the other companies are concerned. Then there was a discount——

Q. That is the net price?

A. The net price. Then there was a further discount of 15 per cent on this account.

Q. Made by Mr. Strubbe?

A. By Mr. Strubbe.

Q. For the same quality of goods?

A. Yes; this would bring them a little lower than the other goods.

Q. Well now, Mr. Desbarats, did I understand you that the quality of those goods that you got from Mr. Strubbe, that the quality was with reference to a large class, equal to the class of goods on which you compared prices?

A. Yes.

Q. Have you samples of these goods with you?

A. Yes.

Q. You brought them?

A. Yes.

Q. Does that go with reference to the steel the same as the files?

A. The steel was of medium quality.

Q. What brand would you call it? Was there any particular name for it?

A. It was what is known as 'High speed tool steel.'

Q. 'High speed tool steel'—for the common run of tools was that?

A. There are four or five different kinds in the consignment.

Q. That you bought from Mr. Strubbe?

A. Yes. There was some steel for lathe tools, there was some steel for chisels, and for other similar tools, but in a general way it corresponded with the 'High speed tool steel.'

Q. What is the price of the 'High speed tool steel' that you purchased for your department from year to year?

A. It varies an awful lot; it runs all the way up to $1 per pound.

Q. I mean for the same quality?

A. Oh, about 40 to 50 cents.

Q. The same quality of steel you got from Mr. Strubbe you had been buying before and paying about?

A. Forty to fifty cents per pound.

Q. As to the quantity of steel that was in that consignment, this high class steel you call it?

A. Yes.

Q. And it is the same question with reference to the files. If you had been ordering it just in a business way would you have ordered that quantity of steel at the time of that class, or would you have ordered less?

A. I would not have been very far off on the steel.

Q. You would have ordered about that quantity of steel?
A. I might have been pretty near on the steel.
Q. That is, provided you ordered your year's supply?
A. Yes; that is, saying I was figuring on a large order.
Q. As a matter of fact these files were taken over by you when?
A. In the end of December.
Q. 1904?
A. 1904.
Q. And distributed as you say between the depots?
A. They were distributed immediately.
Q. And they are lying at these different places in store?
A. I presume so. I do not know.
Q. Of course you distributed the goods and got your receipts from the different depots as to the receipt of the goods, which holds you harmless?
A. Yes.
Q. That is practically all you know of the transaction?
A. Yes.
Q. You have no knowledge that this quantity of files was what you might call a mis order—ordered for some one else or for some other concern and then turned over to the department?
A. I have no knowledge of anything of that kind.
Q. These goods, as you understood it, were sold by the agent of the company, the French agent?
A. Yes.
Q. To the government?
A. Yes.
Q. You are positive with reference to that, are you?
A. No, I have no personal knowledge of that.
Q. Did the minister tell you, Mr. Desbarats, that he had ordered these goods?
A. I have no exact recollection of any statement of that kind.
Q. You will not swear that he did not tell you he did not order them?
A. No.
Q. You cannot swear positively that he did tell you he had ordered them?
A. No; this is two years ago.
Q. And the impression is not so clear of course?
A. No.
Q. Now, if I went to ask you what your impression was I would get these gentlemen on my back.
Mr. BRODEUR.—Impressions are not evidence.

By Mr. Foster:

Q. Now, we had a scene of trouble and turmoil here yesterday to make out this account, Mr. Desbarats, the minister and deputy minister could not make the additions come out correctly. You have seen the account?
A. Yes, I expect so.
Q. Is, Mr. Desbarats, this account that is here, take the steel for instance, that is the account—is this account that appears on the file the original account that you got?
A. I cannot be very clear about that, Mr. Foster, because the original accounts which were sent to the department were only for our half.
Q. Only for your half?
A. For our half.
Q. The half that went to Sorel?
A. To Sorel, and we sent their accounts to each of the other depots. Mr. Strubbe furnished us accounts in three different sections.
Q. One for one-half and two for one-quarter each?

A. For one-half, one-third and one-sixth. We sent these accounts to each of the agents expecting them to certify to their own account and we certified to our own account for the one-half and sent it to the department. Afterwards the department preferred having the Sorel agency pay for the whole amount.

Q. And then getting credit from the other agencies?

A. And then receiving credit from the other agencies. So that account was really sent at a subsequent period.

Q. That is the account for all the steel?

A. That is the account for all the steel.

Q. Do you consider this to be a copy of the account you had?

A. Yes.

Q. I mean when Mr. Strubbe delivered these goods to you there was the account for them?

A. Yes.

Q. You say it was in three separate parts?

A. Oh no, at first he sent that statement for the full amount.

Q. Where is that statement?

A. Well——

Q. That is what we would call, as far as Mr. Strubbe and you went, the original statement?

A I should imagine this is the statement here.

Q. You think this is the statement?

A. Which I hold here in my hand (document produced).

Q. Then you never saw an account from La Sirene in connection with the goods?

A. No.

Q. Did you ever see an account from Mr. Busteed or from Busteed and Lane in reference to these goods?

A. No.

Q. The only account you saw was the one presented to you by Mr. Strubbe?

A. Yes.

Q. Which was for the whole amount?

A. For the whole amount.

Q. And then you divided that into three parts?

A. Well, I requested him to divide his account into three.

Q. Did you keep the original account for all after he gave that to you?

A. Yes.

Q. Where is it?

A. This must be it. I took it from my file.

Q. This must be the original account?

A. Yes.

Q. You never saw an invoice or account of La Sirene?

A. No.

Q. Nor of Mr. Busteed?

A. No.

Q. Did the question ever arise in your mind as to why if these goods were bought from La Sirene you did not get the account from La Sirene?

A. No.

Q. As a matter of fact you did not get any account from La Sirene?

A. No, we did not get any account from La Sirene.

Q. Mr. Strubbe was the man with whom you dealt?

A. Yes.

Q. And you got an account from him which did not purport to be an account from La Sirene?

A. Oh no, it was an account from him.

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Q. Well now, when you come to that: we will say then that this is a copy from the original—I do not know what we would call it—anyway we will call it the account that Mr. Strubbe gave to you: now, this is the account which he gave to you?

A. Yes.

Q. I understand that to be correct?

A. Oh yes, all accounts in this connection were received from Mr. Strubbe.

By Mr. Brodeur:

Q. In triplicate?

A. Yes, several copies; four copies is our usual rule.

By Mr. Foster:

Q. How do you account for that error, the discrepancy in that account, Mr. Desbarats?

A. I do not know. I see that the account which I have here——

Q. Well, just go over the different items?

A. Yes.

Q. The first is 12 barrels oval $1\frac{1}{4}$ x $\frac{5}{8}$ chisels, 220 kilograms?

A. Yes?

Q. What is the kilo in our pound?

A. It is about 2·2 pounds.

Q. 2:2 per kilo. Then the next is 12 bars round, $\frac{5}{8}$, 91 kilos ?

A. Yes.

Q. Then 12 barrels of octagon 1-inch chisels—what is the figure that should be there; what do you take that figure to be?

A. 225 kilos.

Q. There is then an error?

A. There is a typographical error there. The 2 is repeated.

Q. But the first 2 should be cut off?

A. Yes.

Q. Well then, that is 225 kilos?

A. Yes.

Q. Then there are 12 bars rectangular $1\frac{1}{2}$ by $\frac{7}{8}$ turning lathe?

A. Yes.

Q. And that makes how many kilos?

A. $380\frac{1}{2}$.

Q. 2·2 per kilo. Then the next is 12 bars round, $\frac{5}{8}$, 91 kilos ?

A. 175.

Q. Then there are 6 bars of square $1\frac{1}{2}$ Sor cold sets—what does that mean?

A. It is some misprint I think. There are cold sets; it is for cold set chisels.

Q. Well of those there is 175 kilos?

A. No, 337 kilos.

Q. It is 175 here?

A. Well, I have it here corrected.

Q. Corrected from what?

A. Corrected from the actual weights, I imagine; this looks like the checker's correction.

Q. Is that the bill you have?

A. Yes.

Q. And that you say should be?

A. 337 kilos.

By Mr. Brodeur:

Q. Instead of 175 kilos?

A. Yes, 337 instead of 175.

By Mr. Foster:

Q. Then the next you have 6 ditto 2 inch; how many kilograms are they?

A. 603.

Q. It is 337 here?

A. It should be 603.

Q. Then you have 12 oval 1¼ by ⅝ chisels; how many kilograms for those?

A. 219.

Q. Now what is the number just below, 2,250?

A. That is the addition.

Q. Would you total up what you have made with your correction; what does it come to?

A. Well, I will just add it up and see. Yes, that agrees with the addition. That totals up 2,250½ kilograms.

Q. Which is the amount of this bill in quantity?

A. Yes.

Q. So that your statement is that the totalling up is correct?

A. Yes.

Q. But there were two errors in the items?

A. Well, these bars would be checked. In our method of checking we would weigh the whole bars together, and if the total quantity is right there should not be any difference about the individual items.

Q. How do you make these two calculations on the two items, the 175 kilos which you now make 337?

A. I do not think there was any calculation made. I think they were simply weighed.

Q. They were weighed?

A. Yes.

Q. And the weights were as you gave them correctly?

A. Yes.

Q. And the weights as given here were in error?

A. Yes.

Q. Have you any record of it?

A. Well, it is our usual method. We always weigh whatever comes in that way.

Q. You put that in your record book. Have you not some way of reporting it?

A. Yes, the checker records the quantity he receives.

Q. So that in your books there to-day you would have the record of this transaction in the matter of weighing?

A. Well, he would have no actual record. He would weigh the material, and if the weight is right he would check it off and certify to the account.

Q. Have you a paper there showing it?

A. I fancy it must be on your paper there.

Q. Who was your weigher?

A. Two years ago it would be Arthur Cote.

Q. Arthur Cote was the weigher?

A. Yes.

Q. 'Prices fair goods received.' That would mean weight, would it?

A. Yes.

Q. That was certified to by Mr. Cote?

A. Yes.

By Mr. Foster:

Q. Who would certify to the prices?

A. That would probably be Labelle.

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By Mr. Gervais:

Q. What about the certificate of the weight?

A. The prices were initialed by Mr. Baril, the accountant, the quantity by Mr. Cote, and the extensions also by the accountant.

By Mr. Foster:

Q. Those are the proper persons?

A. Yes.

Q. And the goods were received by?

A. Mr. Arthur Cote.

By Mr. Brodeur:

Q. You certify to the prices, do you not?

A. Yes, I certify to the prices.

By Mr. Foster:

Q. Then the error has been explained by you, but this fact remains that this bill was handed to you by Mr. Strubbe?

A. Yes.

Q. And Mr. Strubbe copied it, so you told us I think, from Mr. Busteed's. Mr. Strubbe gave you the erroneous bill, it went into your accounts as an erroneous bill, and afterwards you corrected it so as to bring out the quantities and extensions to the amount exactly of the total?

A. Oh no, we checked the weight of the material.

Q. And then the two errors—there are two errors in Mr. Strubbe's bill ?

A. Yes.

Q. And the two errors in the Bill you have there are different errors apparently, but the thing panned out all right ?

Q. And then the two errors there are two errors in Mr. Strubbe's bill?

Q. Yes, I think there are two different errors?

A. Yes, evidently typographical errors.

Q. But the totals are correct?

A. Yes, they bring out the weights to the correct amount.

Q. You have not the original still? We will have to try and see if we cannot get that original?

A. Which original do you mean?

Q. The original from which Mr. Strubbe's copy was made, and a copy of which you say was the bill Mr. Strubbe gave you?

A. That is all.

By Mr. Gervais:

Q. First of all, Mr. Desbarats, you were asked by Mr. Préfontaine to go and check the quantity of these goods which were lying at the Canadian Pacific Railway?

A. Yes.

Q. In Montreal?

A. Yes.

Q. You did not know in any way, shape or form, by whom these goods had been brought out from France?

A. Brought out from France?

Q. They were bought in France.

A. I had not any knowledge.

Q. By whom they had been bought in France?

A. No.

Q. You do not know who ordered them?

A. No.

Q. You have no recollection about it?

A. I have no personal knowledge of the transaction before that date.

Q. You know nothing about it?

A. I never heard of them before that date.

Q. Do you know that these goods had been remaining idle in the Canadian Pacific Railway depot for over one year, at that time you went for the first time to examine them?

A. No, but it was quite evident they had been lying there for some time.

Q. Are you prepared to swear they had not been there over one year?

A. No; I have no knowledge of the time.

Q. Do you know, as a matter of fact, that the Canadian consignees had refused strenuously to take delivery of them?

A. No, I have no knowledge of that.

Q. And that has been the case, that the goods have been remaining there for over one year?

A. No, I have no knowledge of the time.

Q. Then is it not a fact that Mr. Strubbe himself for his own account, for his own benefit, sold those goods or tried to sell those goods to the government?

A. Mr. Strubbe is the only man with whom I had any dealings, but I don't know anything about that.

Mr. FOSTER.—Objection to impressions being given.

By Mr. Gervais:

Q. These goods can only be manufactured throughout the world by two men, two companies, two French companies near Paris?

Objection by Mr. FOSTER.

A. I put it at more than two. I think I know of three.

Q. Where are they?

A. They are all around Paris.

Q. They are around Paris, but outside of France these goods are not manufactured, that class of goods?

A. I have never seen any signs of them.

Q. That steel is what is called tempered steel?

A. I think it is not only tempered steel, but it is the composition of the steel.

Q. And the whole thing is a secret?

A. Yes; it is not so much a patented process, but a furnace process.

Q. Which has never been disclosed. As a matter of fact that class of goods commands an exclusive price?

A. Oh yes, these French steels are a very much different class to what you can get anywhere else.

Q. And those demand what we may call monopoly prices?

A. Oh yes, they sell for whatever price they wish to ask.

Q. Because you cannot get these same goods outside?

A. No, there are two other firms sell these goods.

Q. Well, Mr. Strubbe handed you a list, you said, of the goods which were to be delivered?

A. Yes.

Q. And this list is the list which has been shown to you repeatedly during your examination in chief, and at the bottom of which we find three signatures, your own signature, that of Arthur Cote, and the initials of Mr. Baril?

A. Yes.

Q. The list of goods—I want to repeat this to you—the list of goods which were sent to you by Mr. Strubbe, upon which you made your own checking, is the very same list which is now on file here?

A. Or a copy of it.

Q. And the two little errors which have been mentioned during this sitting are purely clerical errors?

A. Are clerical errors.

Q. Which amount to nothing?

A. Oh no, they were considered as errors when we checked it over.

Q. You spoke in your examination in chief about the proper quantity of goods you would have ordered yourself, and you said also that at the time, 1904, you were not using much of that class of goods?

A. No.

Q. On account of that you would not have ordered a large supply?

A. No.

Q. Now you knew the value of these goods would you order a larger supply?

A. Not unless it seemed that the prices were specially favourable I would not.

Q. In this present case were not the prices very favourable to the government?

A. Yes, the price was lower than usual.

Q. Was it not a fair inducement even with the individuals to buy a larger supply?

A. Yes.

Q. As a matter of fact your supply of files and steel will not last you more than two years from now?

A. Two or three years.

Q. At the utmost two or three years?

A. Oh yes, I think they will be all gone by that time.

Q. Did I understand you well when you said that previous to the purchase of that French steel you had been paying as high as 40 and 50 cents per pound, and even as high as $1 per pound?

A. For tool steel?

By Mr. Barker:

Q. He said 40 or 50 cents per pound, and that it went as high as $1.

A. We have paid higher than that. I would consider that steel to be worth 50 cents per pound.

By Mr. Gervais:

Q. I want you to say whether or not you have been buying tool steel for the benefit of the government, and that the prices range between 40 and 50 cents and even as high as $1 per pound?

A. Well, we had bought tool steel at about 75 cents to 80 cents per pound.

Q. That was the average price you paid previous to your purchase of these French goods?

A. Yes.

Q. Would you make a calculation for the benefit of the committee, and see if it is not a fact that you have been paying for this steel under this purchase only 30 cents per pound?

A. That would be about 37 or 38 cents a pound.

Q. And that is less 15 per cent; how much would that make?

A. No, that is the net price.

Q. Do you take into consideration the reduction of 15 per cent.

A. Yes, I have deducted 15 per cent.

Q. You have not deducted that?

A. Yes, I have.

Q. And you put the net price paid to Mr. Strubbe at how much?

A. About 37 cents. Well, I will make a calculation and get at that: it is 38 cents.

Q. How much would you have paid for the goods? For that class of tool steel sold by Mr. Strubbe to the department you said, I understood you, it was 50 cents per pound?

A. About 50 cents per pound, yes.

Q. So that this government made a net profit of about 12 cents per pound?

A. Twelve cents per pound.

Q. By buying a larger quantity, of course, than what was needed at that time?

A. Yes.

Q. That permits the government to recoup itself for the interest on the purchase money?

A. Oh, there was a heavy discount on the whole of that amount. That 15 per cent made quite a discount.

Q. At any rate I am right in saying that the government could recoup itself for the interest on the money paid by buying a larger quantity in 1904 of these French goods, on which they had a clear discount of 15 per cent?

A. They made a saving of 15 per cent, which is the exact discount.

Q. You said in 1904 the tool steel bought by you from Mr. Strubbe was worth 50 cents per pound?

A. About that.

Q. Is that right?

A. Yes.

Q. Then you paid how much for it?

A. 38¼ cents.

Q. Leaving to the government a saving of 12 cents per pound?

A. Of 12 cents per pound. ....

Q. Is that a sufficient difference in the price to permit the government to recoup itself for the interest on that large purchase.

A. It was a very good inducement.

Q. You would have done that, as a private individual, a merchant?

A. If I had the money to spare I would do it.

By Mr. Brodeur:

Q. In the report of the 14th December, 1904, which you sent to the minister appears this statement (reads): 'The prices on the files are, most of them, regular list prices. The full amount of the invoice is $5,631.10, being $3,398.40 for the files and $2,232.70 for the steel. A discount of 15 per cent is offered on the face of the invoice, which will reduce the total amount to $4,786.45.' When in that paragraph in your report you stated that the price of the files was the regular list price did you mean the price before the 15 per cent discount was deducted or after the deduction?

A. Before the 15 per cent was deducted.

Q. So that if you had to purchase a small quantity of files at that time at the regular list price you would have been obliged to pay 45 cents a pound?

A. Yes.

Q. You would have been obliged to pay the prices on the list as invoiced?

A. As enumerated on the invoice.

Q. Besides that the department was offered 15 per cent?

A. Fifteen per cent discount.

Q. Reduction on the prices invoiced?

A. Yes.

Q. Do you consider that the price list of these goods as mentioned in the invoices was fair and reasonable?

A. Yes.

Q. And the inducement then to purchase a large quanty was the reduction of 15 per cent ?

A. Fifteen per cent.

Q. And 15 per cent meant they were making a reduction on these files of $500?

A. More than that. Oh, on the files.

Q. Yes, on the files?

A. No, that would be $373. Yes, you are right.

Q. $509?

A. Yes.

Q. That would leave the balance which you paid for the files, $2,889.40?

A. Yes, it would be about that.

Q. You said that these files would be exhausted in about three years?

A. About that.

Q. Two or three years?

A. Three years.

Q. The interest I calculated—I do not know whether I am correct or not—at 3 per cent on that balance of $2,889.40 would amount for three years to $260.04, and you had a reduction of $509, so the government in purchasing a large quantity like that was making a good bargain?

A. Yes.

Q. Have you calculated the interest in that way?

A. Yes.

Q. You are in control of the stock that we have in Sorel?

A. Yes.

Q. And you are obliged to keep a certain amount of goods in stock?

A. Oh yes, we have to keep quite a large stock of goods.

Q. For the supplying of government boats and of the shipyard?

A. Yes.

Q. And do you consider it is advisable that the department should have that shipyard, or that store, equipped to meet exigencies, almost daily requirements?

A. It is essential that we should keep quite a large stock of material, because we have occasional demands on us that we cannot foresee.

Q. That gives you an opportunity to purchase at fairer prices?

A. We get much fairer prices by purchasing in large quantities.

Q. You are purchasing wholesale?

A. Yes.

Q. From wholesale people?

A. From wholesale firms, yes.

Q. I see in a letter from Col. Gourdeau, Deputy Minister of Marine and Fisheries, to you on 19th December, that you communicated with La Sirene & Company in regard to shipping the consignment. Am I to understand by that that the goods were consigned to La Sirene & Company ?

A. I do not know. I have no knowledge of that.

Q. In a letter of the 23rd January, 1905, written by you, I see that you ask the department to send you back the account which had been given to the department in order that you might replace it by the account for the full amount. Do I understand that the account that was sent back to you is this account which is on the official file?

A. No.

Q. Or if this account which is on the official file is a copy which you made yourself, according to this letter of 23rd January?

A. No. The first account which I sent to the department was for half the amount of the files.

Q. Yes, for half the amount of the files?

A. The half which we got at Sorel; and we had another account made, one for Prescott for one-third of the account, and another account for Quebec for one-sixth. The department then informed me that they wished Sorel to pay for the full amount and be credited from the other branches, so that I asked them to send the account back so that we could furnish accounts for the full amount.

Q. So the account that was sent back to you on the 23rd January, 1905, is not the account that is now on the official file?

A. No.

Q. And from those partial accounts, do I understand, you made the copies which we now see on the official file?

A. No.

Q. Or have those accounts been handed by Mr. Strubbe to you?

A. Those accounts were obtained from Mr. Strubbe. They were made by Mr. Strubbe.

Q. So you sent back to the department the account as sent in by Mr. Strubbe?

A. Yes.

By Mr. Taylor:

Q. Mr. Desbarats, you use a considerable quantity of tool steel, I presume, in your works at Sorel?

A. Yes.

Q. For what purpose, iron-working tools or wood-working?

A. Both.

Q. As a matter of fact, cannot you buy tool steel at other prices, from 10 cents a pound up?

A. Yes, but 10 cents would be getting rather on the poor side.

Q. Yes, certainly it is a cheap steel.

A. Yes.

Q. Can you tell from the look of the tool steel as to what its value is?

A. Not exactly.

Q. Only by the actual test?

A. Yes. Oh well, you can tell the difference between 10 cent steel and 75 cent steel by looking at it.

Q. You can tell it is of better quality?

A. Yes.

Q. But until you actually prove it in the manufacture of tools you cannot tell what it is?

A. No, you have to sample it.

Q. Were these files used for wood-working or iron?

A. Iron.

Q. Exclusively?

A. Exclusively.

Q. What would a dozen of these flat 12-inch files cost?

A. You mean buying the American files?

Q. Files like the one you have there?

A. Oh, this file. The French list is very different from the American list.

Q. I know it is.

A. I mean in construction.

Q. What does this one cost you laid down at the factory?

A. The 12-inch flat file——

Q. This flat double cut?

A. That is a half smooth cut?

Q. That is the half smooth cut?

A. A 12-inch file would cost $5.59 per dozen.

Q. $5.59 per dozen. What would a dozen of American or Canadian files cost you? I think you said sixty and ten off or seventy-five and ten off?

A. On American files?

Q. To-day, yes?

A. I do not think so. The price would be $3.66.

By Mr. Foster:

Q. That is with what off?

A. I think that is sixty and ten off, that has been figured.

By Mr. Taylor:

Q. You have had experience with both?

A. Yes.

Q. Will not the American file give you as good, or better, satisfaction in your works than this French file?

A. No.

Q. My experience is quite the contrary, and I have used both of them. You find the French give you better satisfaction?

A. Oh, decidedly.

Q. Well, I have found it quite to the contrary. There is a good deal of difference in the cost per dozen?

A. About 50 per cent.

Q. I understood you to say that when you first met Mr. Strubbe and the minister, the minister had informed you there was a quantity of files which he had ordered from a French agent?

A. No, I did not say that.

Q. When these cases came to you at Sorel, were they not addressed plainly on the case by the parties shipping them from France, consigned to some person in Canada?

A. I have no recollection of that, and I should not think it likely. I should imagine there would be a simple mark on the boxes.

Q. There were marks on the box?

A. Yes, there were marks.

Q. You do not remember what those marks were?

A. I do not remember.

Q. But they were marks that the goods could be identified by from the shipping bill?

A. Oh, yes.

Q. You do not know to what address they came?

A. No.

By Mr. Foster:

Q. I would like Mr. Desbarats to stand aside until after Mr. Busteed is examined.

A. Could you not give me some idea when I can leave? I would like to go back because I am very busy, and I have a great deal of work on hand.

Q. When would you go down?

A. I would go down this afternoon.

Mr. FOSTER.—Well, we expect Mr. Busteed every minute.

Lt.-Col. GOURDEAU recalled, and further examined

By Mr. Foster:

Q. You were asked, Col. Gourdeau, to make search in your department and bring all correspondence that could be found other than that already on file before the committee relating to this purchase of steel files?

A. Yes.

Q. Have you made that search?

A. Yes, I have made that search.

Q. And have you brought the papers?

A. There is nothing to bring except what is in the possession of the committee. That letter of Mr. Desbarats was the first intimation that I had of the files being purchased by the department.

Q. And there is no other correspondence?

A. Nothing whatever, sir. I not only searched myself, but I had two clerks go over the file, and there is nothing whatever except that letter of Mr. Desbarats to the minister. I think it is addressed to the minister.

Q. You had your information from the minister of a verbal order, not a written order?

A. Not a written order; nothing in writing.

By Mr. Taylor:

Q. You said the minister had given an order to a French agent?

A. Some months before.

By Mr. Foster:

Q. Did you make any record at that time in your books?

A. No, sir, there is no record.

By Mr. Taylor:

Q. Did these goods come from a sample order?

A. I do not know on what order they came. They were not expected by the department.

Q. They came on an order that the minister had given this agent.

A. I do not know. It might have been between the minister and the agent, but there is nothing at the department to show it.

By Mr. Foster:

Q. You gave no order?

A. Never.

Q. And there was no departmental order?

A. No, sir.

By Mr. Brodeur:

Q. There was a report by Mr. Desbarats?

A. That is the report which is before the committee.

Q. Upon that report action was taken?

A. Upon that report action was taken.

The witness retired.

Mr. E. B. BUSTEED, of Montreal, called and sworn, and examined

By Mr. Barker:

Q. You had some business about some files, on behalf of your firm, with Mr. Strubbe a couple of years ago.

A. I had.

Q. For whom did you act?

A. For the La Sirene Company.

Q. La Sirene, of Paris?

A. Or M. Kron is proprietor as far as I know.

Q. Have you the papers connected with this matter?

A. I have the correspondence which I had with our firm, with my principals.

Q. Have you the account?

A. I have a duplicate of the invoice.

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Q. You have not got the originals?
A. Not the originals, and I did not receive any.
Q. What has become of those?
A. To the best of my recollection I handed them to Mr. Strubbe.
Q. The original invoices from La Sirene Company to the consignees were handed to Mr. Strubbe?
A. Yes.
Q. That is your recollection?
A. Yes.
Q. He says he received the original invoices from you individually, and having made a copy returned it to you. How is that?
A. I have a copy, I find, a copy of the invoices——
Q. Yes, but what is your recollection as to what the fact was? He says he received the original invoices of La Sirene Company from you or your firm and made a copy of them and returned the originals to you. Is that your recollection?
A. No, because I find a duplicate from La Sirene among the papers.
Q. Do you know yourself that they are duplicates?
A. I believe them to be. I have every reason to think so as they are marked duplicate.
Q. Will you produce them?
A. Yes, I have no objection. (Produces papers.) This is not an exact duplicate, because it shows a reduction of 50 per cent at the end. Speaking from recollection that I believe is the difference.
Q. The invoice sets forth (reads):

Bought of La Sirene.

Duplicata.

Export Office for Steels and Files,
Marcil Kron,
29 Rue Drouot.

By Mr. Rolland Préfontaine,
County Terrebonne, Ste. Agathe des Monts,
Paris, 15th February, 1904.

$2,232.70
Discount 50 per cent. 1,116.35

Q. This is a copy or a duplicate of the original invoice?
A. I have every reason to believe so.
Q. It is not made by you, but it comes from Paris?
A. Yes.
Q. I suppose it was sent as a duplicate of what we call the original?
A. Yes, it was sent.
Q. It is marked 'duplicata'?
A. Yes.
Q. So it is not a copy in that sense, it is a duplicate?
A. A duplicate to the best of my belief. I have not compared it item by item.
Q. Who is Mr. Rolland Préfontaine?
A. I do not know him personally. I believe he is the son of the late Hon. Raymond Préfontaine.
Q. Where does he live?
A. I presume Montreal; perhaps Ste. Agathe.

By Mr. Gervais:

Q. He is the owner of a mill?
A. Yes, several mills.

By Mr. Barker:

Q. Is he in business?

A. Personally——

Q. You know from general reputation?

A. From general reputation that he is a mill owner at Ste. Agathe.

Q. What kind of a mill?

A. I understood it was a sawmill. I have never visited it, but I have so understood judging from hearsay.

By Mr. Gervais:

Q. He operates a sawmill, papermill, pulpmill and an electric plant?

A. I cannot give you all the information.

By Mr. Barker:

Q. For what purpose did you receive these invoices?

A. I cannot say why. Speaking from memory, I believe I received that invoice about the time, or shortly after, I closed the transaction on behalf of La Sirene with Mr. Strubbe.

Q. You did not receive this before the Strubbe transaction?

A. The fact of the discount of 50 per cent being taken off that is conclusive to my mind that it was after I had intimated to La Sirene that they would have to make a reduction of 50 per cent.

Q. This was not the original transaction, but something sent out in the course of a settlement?

A. No, I had nothing to do with the original transaction. I merely acted as a lawyer in the matter to obtain a settlement of the claim.

Q. Of the claim by whom?

A. Of La Sirene against Rolland Préfontaine.

Q. In the course of your acting as attorney a reduction was made on the original claim, and in pursuance of that this was sent in?

A. Yes.

Q. Would the original according to your recollection be the same as this? Would it relate to the same arrangement and articles except as to the reduction of 50 per cent?

A. I believe so.

Q. You have not got the original paper, I suppose?

A. No.

Q. But the items are here as in the original transaction, except there is a discount of 50 per cent taken off?

A. That is my recollection.

Q. Tell me when you received instructions to collect the account?

A. Yes.

Q. I do not mean to a day?

A. Some months previous.

Q. Before?

A. Before December, 1904.

Q. Some time in the summer?

A. Some time in the summer.

Q. Some time in the summer of 1904?

A. Yes.

Q. Did you communicate with anybody?

A. Yes.

Q. With whom?

A. Well, I wrote to Rolland Préfontaine.

Q. In the ordinary course?

A. The ordinary course.
Q. And did you have any interview with him?
A. Never.
Q. Did Mr. Rolland Préfontaine settle the claim?
A. No, he repudiated the claim.
Q. He repudiated the claim. On what ground?
A. That he did not order that quantity of goods.
Q. That he did not order that quantity of goods?
A. Or perhaps that he did not order it at all, either one or the other.
Q. Were the goods in the country at that time?
A. Yes, they were in storage in the Canadian Pacific depot, refused.

By Mr. Gervais:

Q. Refused goods?
A. Refused goods.

By Mr. Barker:

Q. They were warehoused by the Canadian Pacific Railway, not having been accepted?
A. Certainly.
Q. Well now, with whom did you begin any negotiations that led to the ultimate settlement?
A. I wrote to the Hon. Mr. Préfontaine to know what he had to say in the matter, or whether he knew anything about it, and I met him on the street and spoke to him. I have a distinct understanding of that, and he said he had nothing to do with the matter whatever.
Q. With his son's business ?
A. With that business. He declined to have anything to do with it. He said he had nothing to do with it. I intimated to him that we might be obliged to sue.
Q. Sue who? Sue the Hon. Mr. Préfontaine?
A. Sue the Hon. Mr. Préfontaine. Naturally there was some delicacy on our part. He was a member of the same profession, and we knew him very well. We said we would see what we could do in the matter, but he declined.

By Mr. Gervais:

Q. What did he decline?
A. He declined to entertain the matter, and said if we were to bring suit against him he would defend it.

By Mr. Barker:

Q. But up to the present, Mr. Busteed, I do not see in what you tell us that the Hon. Mr. Préfontaine had anything to say about this matter. How did you happen to include him in the proceedings you were going to take?
A. Well, of course I do not know his son personally, even to-day, and I had every reason to know that he was a very young man, and I thought perhaps the Hon. Mr. Préfontaine could throw some light on the subject, and I wrote to him to know if he could not bring about a settlement. Naturally knowing he was the father of the young man I wrote to him.
Q. And he said that if you sued him?
A. If we sued him or sued Rolland he would defend it on grounds which he did not explain, and which I do not know to this day. I will be frank. He said that there was a deception practised on the part of somebody. I understood naturally the man who took the order.

By Mr. Gervais:

Q. Inducing his son to take goods that he had not given an order for?

A. I knew myself it was a very large order.

By Mr. Barker:

Q. In other words, he conveyed to you that there had been some deception practised and that he would not have anything to do with it?

A. He would not have anything to do with it.

Q. Then after that what occurred, taking everything in its order, that led ultimately to a settlement?

A. I was called upon by Mr. Strubbe and——

Q. How soon after this interview?

A. It would be some time, some weeks.

Q. Some weeks?

A. Weeks.

By Mr. Bergeron:

Q. What did you do between the time you met Mr. Préfontaine and Mr. Strubbe? Did you report to your firm in France?

A. I reported to them in France, and I said, of course, that being foreigners they would have to arrange to give security for costs if they wanted to take suit—a power of attorney and security for costs, and of course a deposit in cash. I would have to arrange security for my firm, and I wanted a deposit of money. I cannot tell you how much I asked for.

Q. This occurred between the interviews you had with Mr. Préfontaine and Mr. Strubbe?

A. Yes.

By Mr. Barker:

Q. I do not care for these little details. What occurred next in the ordinary course that led up to the ultimate settlement?

A. I was called upon by Mr. Strubbe. He knew that these goods were lying there and wanted to know whether they would sell the goods to him; whether our clients would sell them, and he was ready to make some sort of a bargain if he could get terms, suitable terms.

Q. Did he tell you then how he came to interview you?

A. No.

Q. Or did you understand it any way how it happened that Mr. Strubbe interposed at that time?

A. No, I did not know from the course of conversation with Mr. Strubbe. I cannot give you the name of the agent of La Sirene Company who sold the goods, but I understood that Mr. Strubbe knew the agent when he was here in Canada.

Q. It has been stated here that Mr. Strubbe had interviewed the minister. Did you understand that?

A. No, there was nothing said about that. Mr. Strubbe did not disclose anything of that sort.

Q. You knew nothing about that?

A. Knew absolutely nothing.

Q. Did he make the proposition or ask you to make him a proposition?

A. Oh, he must have made the proposition.

Q. He made the proposition?

A. The proposition.

Q. Do you recollect what that proposition was?

A. That he would give, as I understood it, 50 per cent.

Q. He would give 50 per cent of what?

A. Of the face of the invoice for the goods.

Q. Of the price they expected to get from young Préfontaine?

A. Yes.

Q. Whatever they were to receive from Mr. Préfontaine for the goods, Mr. Strubbe offered to give 50 per cent of that in settlement for the goods?

A. And he may have asked at that time a further reduction of $500. Either then or at some subsequent time.

Q. Either on that occasion or later he wanted not only 50 per cent off the price at which they were sold to young Mr. Préfontaine, but $500?

A. $500 more.

Q. A further reduction, then. Well I suppose you submitted that to your clients?

A. Oh, yes.

Q. And what was the result?

A. They thought it was too much of a reduction, naturally, and they wrote to see if I could not do better. Several letters passed in the interval, and I finally wrote them and told them to accept the offer, or take a suit, or put it in other hands.

Q. You recommended a settlement?

A. No, sir. I did not recommend a settlement. I said I could do no better, and for them to accept the offer or send us out the money and I would take the suit, or if they wished it to put it in another lawyer's hands.

Q. That is you said, 'There is the proposition, or I will sue if you want me to'?

A. 'I will sue if you send us the money and wish us to.'

Q. Very well; what was said as to that?

A. They did not want to go into court here in Canada and put up money in a suit. Of course I gave them strictly to understand it might go to a higher court. I told them what they would have to put up and the probable cost, and that the amount involved was sufficient to take the case to the Supreme Court or even higher; I could not guarantee that it would stop in a lower court.

Q. What did they do?

A. They authorized me to accept.

Q. Accept what?

A. Accept 50 per cent off the invoice, $500, and pay the Canadian Pacific storage charges, $81 I think it was. The charge was between $81 or $82.

Q. La Sirene agreed to take from Mr. Strubbe the price at which they billed the goods to young Préfontaine less 50 per cent?

A. 50 per cent.

Q. And less $500?

A. Yes.

Q. And they were to pay the charges of the Canadian Pacific Railway?

A. Yes.

Q. What were those charges?

A. $81 or $82.

Q. And what did that consist of, freight?

A. Freight, chiefly storage.

Q. Both freight and storage?

A. Oh, I think it must have been only storage.

Q. They agreed to pay the storage then?

A. The freight on the goods.

Q. Or had they been delivered free at Montreal?

A. I think they had been delivered free.

Q. The price included delivery at Montreal?

A. Yes.

Q. Or in Canada, yes. But they agreed to take off 50 per cent, $500, and the storage charges?

A. Yes.

Q. What about the duty?

A. I think that the question of duty did not arise at all. I had nothing to do with duties. If there was duty paid it must have been paid by Mr. Strubbe.

Q. If they were subject to duty the purchaser, under the new arrangement, would have to meet it?

A. Yes.

Q. As far as you knew?

Q. As far as I know.

Q. Now selling these goods to Mr. Strubbe at this reduced price would not discharge young Préfontaine from his liability unless there was something more. Was anything said upon that point?

A. No, nothing. It dropped. It was understood, of course, because it was a private sale; the sellers dealt with the goods as their own.

Q. Yes, but there was a claim that had been refused by young Préfontaine. Was there any arrangement that you were to drop your claim against him?

A. No, there was absolutely nothing said. It was not taken into consideration at all.

Q. You left him out?

A. Left him aside altogether. There was absolutely nothing said or even discussed on that question.

Q. Was Mr. Strubbe acting, as far as you knew, as an independent person purchasing these goods?

A. As far as I know.

Q. Or did he interview on behalf of anybody?

A. As far as I know he came in——

Q. He said nothing to you about acting for the Hon. Mr. Préfontaine?

A. Not at all. He acted on his own behalf as far as I knew.

Q. Did young Mr. Préfontaine know from you what was being done?

A. No.

Q. Did the Hon. Mr. Préfontaine?

A. No.

Q. You had no communication at all?

A. No.

Q. How were you paid—I mean your clients—how were they paid?

A. We were paid by Mr. Strubbe's cheque.

Q. Have you got that cheque?

A. Well, it was returned of course.

Q. It was by cheque, was it?

A. By cheque—by his own personal cheque.

Q. Have you any record of what he paid you?

A. (After examining document.) It was about the 4th or 5th December, 1904.

Q. That the payment was made by Mr. Strubbe to you?

A. Yes.

Q. The amount, Mr. Busteed, please?

A. I cannot tell whether he gave us his cheque for $2,315.55 and whether we gave our cheque for $81.28, the Canadian Pacific Railway charges, or whether he deducted the Canadian Pacific Railway charges and gave us his cheque for $2,234.27. I rather think that he deducted the charges.

A. As far as I know he came in——

A. I rather think he deducted the charges—that he deducted the charges from the settlement and gave us this cheque for $2,234.27.

Q. $2,234?

A. And 27 cents.

Q. He paid that to you?
A. Yes.
Q. And if he paid you that did you pay the charges?
A. No, that is deducted. That is the net.
Q. He paid the $80 to the Canadian Pacific Railway?
A. $81.28.
Q. So if you paid it——
A. We did not pay it.

By Mr. Brodeur:

Q. He gave you a cheque for $2,234.27?
A. Yes.
Q. And he has paid charges to the Canadian Pacific Railway to the extent of $81?
A. He assumed those charges to the extent of $81.28.
Q. And the duty besides?
A. Well, the duty, that never came up at all. It was not in question at all. It was understood that was to be paid by the purchaser.
Q. He was to pay the duty?
A. Oh, yes.

By Mr. Barker:

Q. Now, Mr. Busteed, tell me this: How long before he gave you that cheque did you come to terms with him?
A. I think I would like to correct a date. I believe it was the 7th December instead of the 4th.
Q. Can you tell us how long it was before that cheque was given that you finally concluded the arrangement with Mr. Strubbe?
A. I submitted the proposition to our people in November. (After referring to documents.) I see I wrote them on the 24th November submitting a proposition, the final proposition. They replied by cable. I recommended in my letter that if they accepted the offer they were to cable the word 'closed,' and I got the word 'closed.'
Q. Then it was within two weeks?
A. Yes, that I got the word 'closed.'
Q. These goods, I would judge from the invoice you produce, had been sent to Rolland Préfontaine?
A. Yes, evidently.
Q. By what means were the goods transferred to Mr. Strubbe, because they would be in the railway company's storage to the order of Mr. Préfontaine?
A. The Blaiklock Bros., customs brokers and warehouse men, of Montreal, acted for the shippers of these goods at Havre, and I am almost positive that I then instructed Blaiklock Bros. to notify the Canadian Pacific Railway to deliver the goods to Mr. Strubbe.
Q. That is the way you did it?
A. You see our firm did not deal with the Canadian Pacific Railway. We never had anything to do with them, but we acted through the agents of the shippers.
Q. On behalf of your clients you authorized the customs broker to let the goods go to Mr. Strubbe instead of Mr. Préfontaine?
A. Yes.
Q. That completed the transaction, did it?
A. Yes.
Q. That, Mr. Busteed, is the whole transaction with relation to these goods, the files and steel, so far as you know?
A. Yes.
Q. When you wrote on the 24th November, 1904, to your clients, had you an interview at that time or about that time with Mr. Strubbe?

A. Before that, yes.

Q. Shortly?

A. It would be within a very few days before that.

Q. Within a very few days before that?

A. Yes.

Q. And did he know you were submitting that price to your people?

A. He must have.

Q. Did you tell him you were going to get a cable or that you had asked for a cable?

A. I cannot tell you that, but I wanted to get it closed, and I think very likely it was my own idea.

Q. It was just waiting until you got an answer in order to close the matter with him?

A. Yes.

Q. That was all there was to do ?

A. Yes.

Q. There was no bargain?

A. There was no closed contract.

Q. And how did you communicate the acceptance of the offer to Mr. Strubbe, by letter?

A. I knew his address, and I may have written, or it is very likely that he called and asked if there was an answer. He would know about when I would receive the answer.

Q. Mr. Strubbe says he made the payment in two cheques. How is that?

A. Well, that he made it in two cheques, he was the principal——

By Mr .Gervais:

Q. He was not sure. He did not say he made the payment in two cheques.

A. I am under the impression still that the amount was paid in one cheque. Whether we gave our cheque for the charges or whether he adopted them I cannot say.

By Mr. Barker:

Q. That is no doubt perfectly correct. You had just one settlement?

A. That is all.

Q. That was all there was to do ?

A. Yes.

By Mr. Gervais:

Q. Is it not a matter of public notoriety in Montreal that Rolland Préfontaine, as mentioned in your evidence in chief, is doing business on his own account at Ste. Agathe, and has been for four or five years, I think, the owner of a paper mill, a pulp mill, a saw mill and a grist mill?

A. Oh yes, I made inquiries and knew that he was doing business at Ste. Agathe, and that he was a mill owner. I knew it was a saw mill, but whether there were any accessories, such as a grist mill or a paper mill, I cannot say.

Q. When you wrote to Rolland Préfontaine asking for the settlement of the account of La Sirene did you get a reply from him in writing?

A. He replied repudiating it: 'I won't touch this order.'

Q. His answer was, 'I don't want to touch that order'?

A. 'I don't want to touch that order.'

Q. You thought it was somewhat of a large order for a small mill owner?

A. Well, that went without saying; it was apparent.

Q. And when you made a report to La Sirene stating to them that Mr. Préfontaine was repudiating their claims did you not insist upon taking proceedings against him?

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A. Well, naturally I treated it from a business point of view. I gave them their option. I said if they wanted me to sue I would sue. But I said, 'If I sue you must do certain things.' You must give me a power of attorney, and give me so much cash to put up security for costs here, and if you do not like me to do that tell me what I will do.'

Q. And they abandoned their idea of entering suit, and they accepted——

A. They said they did not want a suit. That was very evident—they did not want a suit.

Q. Well, on your oath, throughout your dealings for the disposal of these goods which had been refused by Rolland Préfontaine, had you the impression, whether directly or indirectly, that Mr. Strubbe was acting for Rolland Préfontaine or the Hon. Raymond Préfontaine?

A. Mr. Gervais, I do not think your question is a fair one. You ask me to state my impressions. I may have had impressions at one time which at other times I would see I was wrong in. I have no knowledge whatever of the matter, and I would prefer to confine myself to facts. I have given the facts fully, and that is that Mr. Préfontaine repudiated the thing altogether. I never dealt with anybody but Mr. Strubbe, and Mr. Strubbe never gave me to understand that he was acting for anybody but himself. That is all I can say as to that.

Q. Mr. Strubbe desires me to ask you this: Are you sure that he was the first man to meet you, or that you were not the first man to meet him?

A. It is very difficult for me to say. I remember hearing in Montreal, I cannot say from whom, that Mr. Strubbe knew the man who sold those goods, and whether I spoke to Mr. Strubbe or whether Mr. Strubbe came to the office first I do not know, I really do not know.

Q. As a matter of fact you mentioned in your examination in chief this fact, that Mr. Strubbe knew the agent of La Sirene?

A. That was rumoured as hearsay on my part; that was hearsay information. I did not know that Mr. Strubbe did, but I was told so.

Q. You had that knowledge?

A. I had that knowledge from somebody.

Q. And that would be a reason why you would try to meet Mr. Strubbe first?

A. If you will just give me a moment I will see whether our principals did not instruct me to communicate with Mr. Strubbe.

By Mr. Bergeron:

Q. At first?

A. In connection with this matter. I cannot tell you.

By Mr. Barker:

Q. There is nothing there we want, I suppose?

A. No.

By Mr. Gervais:

Q. You are not in a position to say that Mr. Strubbe is not right when he swears that you first spoke to him about disposing of these goods?

A. No, I could not deny it.

Q. You could not deny it?

A. No.

By Mr. Barker:

Q. Do you know from your own memory, do you say either way whether you first spoke to him or he to you?

A. No, I do not. I knew Mr. Strubbe by sight.

By Mr. Brodeur:

Q. Had you been informed by your clients, Messrs. La Sirene, whether they had communicated with Mr. Rolland Préfontaine or with the Hon. Mr. Préfontaine or not before their account was put in your hands, or before you were instructed to make collection in the beginning?

A. They informed me they had applied for payment and he had repudiated the account.

By Mr. Barker:

Q. That is the young man?

A. Yes.

By Mr. Brodeur :

Q. When would that be that you were instructed for the first time to collect the account?

A. The first letter which I received from them (La Sirene) was the 15th of July, 1904, in which they stated that on the 23rd of June—no, in which they state that having our letter of the 23rd June to Blaiklock Bros., so it was put into our hands in June.

Q. That is Blaiklock Bros., the customs brokers?

A. Yes. Their first letter to us was the 14th of July, 1904.

By Mr. Brodeur:

Q. And the matter had been in the hands of the Blaiklock Bros., the customs brokers, also for some time?

A. Oh, for some months, I believe.

Q. For some months?

A. I believe so.

Q. I understand that the account which you have filed shows that the invoice is dated 15th February, 1904. Is it to be supposed that was the date at which the goods were invoiced ?

A. That is what I presume, because I received that invoice about the time the matter was closed, in December. That is the one that you have in your hand.

Q. But in the month of July another invoice was put in your hands, some other invoice?

A. Yes.

Q. The regular invoice?

A. The regular invoice.

Q. And in this invoice the goods were marked as being sold at the net price, at the big price without any deduction of 15 per cent?

A. That is right.

Q. That is your recollection?

A. Yes.

Q. Where is that invoice? Did you give it to Mr. Strubbe, or has it been kept?

A. It was in Mr. Strubbe's hands. I most certainly communicated that invoice to Mr. Strubbe, but I do not find it among the papers.

Q. Now, you said you billed Rolland Préfontaine and he did not answer you?

A. Yes.

Q. It was in the month of July?

A. That would be in the month of July.

By Mr. Gervais:

Q. 1904?

A. Yes, 1904.

APPENDIX No. 3

By Mr. Brodeur:

Q. Then you advised your clients about it?

A. Oh, yes.

Q. And what were the instructions given?

A. To press for payment.

Q. But you did not receive any satisfaction from Mr. Préfontaine?

A. No, sir.

Q. Then you met the father, the late minister?

A. On the street. I spoke to him about it.

Q. You urged upon him to get his son to settle this, and he refused?

A. Oh yes, he said, he spoke to me, I remember him distinctly saying something about 'gold brick' chaps in Paris, or words to that effect. He was ready to meet, and distinctly intimated to me that he was ready to meet, any suit which might be brought in the matter against whom we pleased.

Q. And then afterwards, in view of these representations made by Rolland Préfontaine and his father, you advised your clients to take action against somebody?

A. I left it to them. I said, 'If you are ready to stand by your bargain, you know what to do.'

Q. There was not any communication from them that they had formerly an agent in Montreal by the name of Strubbe?

A. From them?

Q. Yes.

A. To us?

Q. Yes, or from Blaiklock?

A. I had many conversations with Blaiklock's manager, because naturally I wanted to get all the information I could as to how this order was taken, whether it was a bona fide order or whether it could be enforced in the courts. Mr. Strubbe's name was mentioned, at least I believe it was from Mr. Blaiklock's manager, that I learned Mr. Strubbe had known this agent of La Sirene when he was here in Montreal.

Q. Then in your communications with Blaiklock the Strubbe name came in?

A. Oh yes, I knew the name of Strubbe.

Q. Well, it would be no wonder you should apply to Strubbe for information in connection with the effort to make your case or to complete your information?

A. I wanted to get all the information I could.

By Mr. Barker:

Q. You do not say you heard it that way?

A. I do not say positively that I heard it that way.

By Mr. Brodeur:

Q. No, he says in his relations with Blaiklock the name of Strubbe came in, and naturally, good lawyer as he is, and anxious to get all the information he could, no wonder he applied to Mr. Strubbe for information?

A. I cannot say I ever applied to Mr. Strubbe directly, but I was informed that he knew the agent that took this order, and evidently he was intimately acquainted with the selling agent when he was in this country.

By Mr. Gervais:

Q. And that would explain why you naturally applied to Mr. Strubbe for the disposal of the goods?

By Mr. Brodeur:

Q. I do not think you mentioned that you had a conversation with Blaiklock with regard to Strubbe in your first evidence?

A. No, I do not think I did. I was not asked.

By Mr. Gervais:

Q. That would explain why you called Mr. Strubbe to give you some information?

A. I cannot say yet whether I wrote to Mr. Strubbe and asked him to call, or whether I applied to him over the telephone, or how I got into touch with him; that is one thing I cannot tell, how I got into communication.

By Mr. Brodeur:

Q. Will you please look in your letter book and find whether there are any letters addressed to Mr. Strubbe?

A. I did not find any copies of letters to Mr. Strubbe asking him to call. I can answer now; I am almost sure there are no letters.

Q. Have you some correspondence with Mr. Strubbe there?

A. No.

Q. You never had any correspondence?

A. No.

Q. Everything was verbally?

A. All verbally.

By Mr. Gervais:

Q. Did I understand you in your examination in chief to say that you thought of taking action against the Hon. Mr. Préfontaine?

A. In regard to this—I did not say that.

The CHAIRMAN.—He said he spoke to the Hon. Mr. Préfontaine about his son.

By Mr. Brodeur:

Q. I understood you to say you intimated to the late minister that——

A. That I would have to take action. I did not say against him. What is more, I did not know that the title of any property in Ste. Agathe was in the name of young Préfontaine; whether if we got judgment for $100 it could be collected.

By Mr. Barker:

Q. I understand now you simply intimated to the Hon. Mr. Préfontaine that you would have to take action upon that account?

A. Upon that account.

Q. Not necessarily against him?

A. Not necessarily against him; not against Mr. Préfontaine at all.

Q. You did not say against who, but that you would have to take action upon that account, and Mr. Préfontaine said what——

A. Mr. Préfontaine?

Q. You did intimate to Mr. Préfontaine that if the matter was not settled you would have to bring an action on the account?

A. That I would have to bring action on the account against somebody.

Q. But you did not say who?

A. That is right.

Q. What did the Hon. Mr. Préfontaine say to you when you gave him that information?

A. That that action would certainly be defended, because there was some underhand work or something to that effect.

By Mr. Brodeur:

Q. Some sharp practice?

A. Some sharp practice in getting or taking the order.

Witness discharged.

Committee adjourned.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
June 27, 1906.

The Select Standing Committee on Public Accounts met here to-day at ten o'clock a.m., Mr. Geoffrion in the chair, and proceeded to further consideration of certain payments to Mr. Strubbe for files and steel bars, as set out at P—163 and 168 of Report of Auditor General for 1904-05.

Mr. CHARLES STRUBBE recalled, and further examined

By Mr. Barker:

Q. You are sworn, Mr. Strubbe?
A. Yes.
Q. What papers have you produced now?
A. Well, what you asked me for. You asked me for these cheques.
Q. Tell me what you have produced?
A. The cheques you asked me for, and the bank book. (Cheques and bank book produced.)
Q. I see here (referring to the cheques) a cheque from you to Busteed and Lane on the 14th December, 1904, for $2,234.27. Was that in full settlement?
A. Yes.
Q. Of the purchase of the files and steel?
A. Yes.
Q. That covered everything, did it?
A. Yes.
Q. Have you produced your bank book?
A. Yes.
Q. Bank of Hochelaga?
A. Yes, but that book has been renewed since. I have not got the old one.
Q. What year is this, Mr. Strubbe?
A. 1905, I think.
Q. Not 1904?
A. No, I have not got that one.
Q. Where is that one?
A. I have not got it.
Q. Did you look for it?
A. I did look.
Q. You have not got the bank book of the date that you issued this cheque?
A. No, sir. There is a bank book (referring to book produced) from the City Savings Bank for 1904.
Q. You had a book on this Bank of Hochelaga before this one?
A. Yes; I had some from other banks also.
Q. And covering the period when you had this transaction with Busteed and Lane and with the government?
A. These are the other books.
Q. You had an account at the Bank of Hochelaga in December of 1904?
A. Yes.
Q. And up to June, 1905?
A. I suppose so. The previous book of that is gone.

Q. Have you searched for that?
A. Yes.
Q. And you cannot find it?
A. No.
Q. You have no idea where it is?
A. No, not a bit. I have the cheque.
Q. I am asking about your bank book.
A. No.
Q. Where is your cheque book—the stubs?
A. I have not got it.
Q. Where is it?
A. I have no cheque book from them.
Q. Had you any cheque book from which you took this form (referring to cheque)?
A. No.
Q. Quite sure?
A. I searched all over. I could not find it.
Q. You did have one.
A. I did not keep books at that time.
Q. You did have one, didn't you?
A. I had one at the time.
Q. Yes. What has become of it?
A. I suppose I had one. Sometimes I went to the bank and made my cheque there.
Q. You did have a cheque book in which you kept all these things?
A. I did.
Q. What has become of that?
A. I do not know.
Q. Have you got one now?
A. Yes.
Q. You did not bring that?
A. No.
Q. When did that begin?
A. Not very long ago.
Q. Have you none of the old bank books at all?
A. No, I never kept them.
Q. When did you see any person connected with the government after you made that arrangement with Busteed?
A. When did I see—
Q. How soon after you came to terms with Busteed did you see any person connected with the government about these things?
A. Well, perhaps one or two days afterwards. I told you all about that the last day.
Q. I want you to tell me now?
A. Some days afterwards.
Q. It was on the 7th December you had a conversation with Busteed, was it not?
A. I do not recollect it. Mr. Busteed told you that he did not know. He came first.
Q. I know. You afterwards came to terms.
A. We afterwards came to terms.
Q. Now, within a few days after that you saw somebody connected with the government?
A. Yes.
Q. Who was that?
A. The minister.

Q. Where did you see him?

A. Here in Ottawa. I came to Ottawa and saw him.

Q. And what did you tell him? Did you tell him that you had agreed with Busteed?

A. I asked him if he could buy that quantity of files.

Q. Did you tell him that you had agreed with Busteed?

A. I said, 'I have these files.' I did not tell him about Busteed.

Q. Did you not speak to him about what you had done with Busteed?

A. Not a word about it.

Q. Did he ask you?

A. He did not ask me at all. He knew that these files had been bought. I told him.

Q. And he knew you were negotiating?

A. Not before I spoke to him, when I told him I had these files.

Q. He did not know you were negotiating with Busteed & Lane until you spoke to him?

A. No.

Q. What did he say about negotiating? Did he ask if everything was settled?

A. He asked me, and I told him I had these files on hand. That is four times I have told you. I told him I had the files on hand, and asked if he could buy them.

Q. Didn't you tell him how you had got them?

A. No.

Q. Didn't he know?

A. No, I don't think so.

Q. Do you mean to say that he did not know that that quantity of files and steel were in Montreal there?

A. No, I do not think so.

Q. Had been shipped to his own son?

A. That was the year before.

Q. Yes, but there was a suit threatened. And do you mean to tell this committee that you think the minister did not know that these files and the steel that you were talking about were the same that his son was threatened with a suit for?

A. The minister might have known, but I did not know it at the time.

Q. Didn't you both understand it with each other?

A. No. I swear that he didn't know that Busteed had negotiated with me.

Q. When you agreed with Busteed you knew where they were?

A. Yes.

Q. And some days after that you saw the minister?

A. Yes.

Q. And Busteed had seen the minister also about the same files?

A. He did not tell me that.

Q. Did not Busteed say that here the other day?

A. He said that here.

Q. You know now at all events that you had conversations with Busteed, and that the minister had conversations with you about these same files?

A. I do not know anything about that.

Q. Do you mean to say there was no discussion between you and the minister?

A. I bought the files from Busteed. That is my own transaction.

Q. Do you mean to tell the committee that the minister did not know that the files you got were the same files his son has been interested in, and you got them from Busteed?

A. We did not speak about that.

Q. Will you say you believe he did not know?

A. I do not know whether he did or not. We did not discuss that at all.

Q. Nothing was said about that?

A. No.?

Q. What was said to you?

A. He told me that he would see if there was any chance for him to take them, and he called for his chief engineer, Mr. Desbarats, and told me to come back when he got through.

Q. He would see Desbarats?

A. He would see Desbarats; so he told me to come back after a couple of days. I did so, and told me 'I have seen Desbarats, and I think he will take them.'

Q. Was that before or after you had paid Busteed?

A. After I had paid Busteed.

Q. After you had paid Busteed by cheque when he said he would see Desbarats?

A. Yes.

Q. Quite positive?

A. Yes.

Q. Was he to tell you what the result would be?

A. After he had seen Desbarats he told me that he was ready to buy them if he could have a reduction in the price. He wanted them cheaper, and said he might take them.

Q. Did you tell him what they cost you?

A. No.

Q. Why did he want a rebate?

A. Of course in buying a big quantity like that he wanted an advantage.

Q. Did he ask you what they had cost you?

A. No.

By the Chairman:

Q. What do you mean by rebate?

A. A reduction.

Q. From the price that you asked?

A. Yes.

By Mr. Barker:

Q. A percentage off?

A. I gave him 15 per cent off the invoice.

Q. Did you tell him what they had cost?

A. No.

Q. Did he ask you the regular selling price?

A. He had the invoice before him.

Q. What invoice did you show him?

A. The invoice that you have on the file.

Q. Just describe it. The invoice from whom?

A. A copy that they took from the invoice from Busteed.

Q. Or La Sirene?

Q. From Busteed & Lane. I submited it to the minister and he submitted the invoice to Desbarats.

A. I am asking you to answer my question, not to make a long story. When you showed him that invoice was La Sirene's name on it?

A. No.

Q. That was not on it?

A. No.

Q. It was only——

A. My name.

Q. Only your own. Whom did you tell him you got that invoice from?

A. I did not tell him anything. I only showed him the invoice. I said, 'This is the price for the files.'

Q. Did he ask you where you got them?

A. No.

Q. Not a word?

A. No.

Q. You had this large quantity of files and you wanted to sell them. Did he ask whether they were French files?

A. Yes. I said they were from La Sirene. As a matter of fact, the conversation did not last more than five minutes.

Q. You told him they were French files from La Sirene?

A. Yes.

Q. Did he ask you how you got them?

A. No.

Q. Nor did you tell him?

A. No.

Q. Did you say anything about Busteed?

A. No.

Q. Not a word?

A. No.

Q. He did not ask you what you paid for them?

A. No.

Q. Did he ask you whether they were still La Sirene's or whether they were yours?

A. I told him they were mine.

Q. That you had bought them?

A. That I had these files on hand.

Q. Did you tell him you had bought them from La Sirene?

A. No; he did not ask and I did not tell him.

Q. He did not ask any questions about it?

A. No.

Q. He said as soon as he heard from Mr. Desbarats——

A. He would let me know.

Q. He was to advise you to come back?

A. I was to go back. I came back without his asking.

Q. You came back of your own accord?

A. Yes, about two or three days afterwards.

Q. Did you see him again?

A. Yes.

Q. What did he say?

A. Desbarats was there at the time.

Q. You saw Desbarats?

A. Yes. He asked what he paid previously for these files. As a matter of fact the department had got an invoice from La Sirene from me previous to that.

Q. The department had?

A. Yes.

Q. From La Sirene some time previous—for these same files?

A. No, for similar files, and the Department of Railways and Canals had some.

Q. The same department had got an invoice of similar files from La Sirene on a previous occasion?

A. Yes, previous to that.

Q. Then, when you had that conversation what was agreed?

A. We discussed whether I could give a reduction in the cost. He said, 'We could not use that quantity. It might take two years or three years. If there is any profit in taking them I have no objection.' So when I made a reduction of 15 per cent,—I figured it out,—I said it would make a good profit for the government. And

then he told me to deliver the goods to Mr. Desbarats. I went to Montreal with Desbarats and delivered them at the Canadian Pacific Railway depot. We checked them over, and he took delivery of them at the Canadian Pacific Railway depot.

Q. They were at your order in Montreal?

A. Well, they were there on Blaiklock Bros. order.

By Mr. Gervais:

Q. They are customs brokers?

A. Yes.

By Mr. Barker:

Q. Were they holding them for you?

A. No. I got a delivery order from Busteed & Lane. They gave me a delivery order for these goods.

Q. They handed them over to you?

A. To me, and I handed them to Desbarats.

Q. That order entitled you to get them out of the customs?

A. Out of the Canadian Pacific Railway depot.

Q. And out of the customs?

A. And out of everything.

Q. You got them delivered to you for this cheque?

A. For this cheque, yes.

Q. Now, are these all the papers you have got, Mr. Strubbe?

A. Yes.

Q. What is this cheque, $2,500, 17th January?

A. You asked me to produce that cheque—I was paid by a cheque and the remainder in bills.

Q. You produce a cheque dated 17th January, 1905?

A. Yes.

Q. From somebody——

A. From myself. I bought that cheque in the Ontario Bank.

Q. It is signed, 'Charles Strubbe,' payable to yourself.

A. To me, yes.

Q. Or bearer?

A. Yes.

Q. And it is marked 'good' by the Ontario Bank?

A. Yes.

Q. What did you do with it?

A. I took it to the City and District Savings Bank.

Q. You put this in the City and District Savings Bank?

A. Yes.

Q. It is apparently deposited to your credit. I suppose this is your account,—yes, 'Charles Strubbe'?

A. Yes.

Q. Deposited to your credit in the Savings Bank on the 18th of January. I presume that would be 1905?

A. Yes.

Q. And remained there apparently at interest. You don't seem to have drawn it out?

A. No.

Q. What was your reason, did you say, for taking a cheque down for this and not the cash?

A. Well, I told you that the other day.

Q. I ask you now. Was it safer?

A. I told you there was some exchange to be paid on the cheque I got from the government, and therefore I wanted to have it. I went into the Ontario Bank and took that cheque and the remainder in cash.

Q. And you got a cheque payable to yourself or bearer, and carried that down to Montreal?

A. Yes.

Q. Now, sir, are these all the papers you have got?

A. That is all.

Q. Everything. Do you recollect what you did with the cash that you drew from the bank here?

A. The chairman ruled that out of order here the other day; you asked me that.

Q. I ask you again, and the chairman can rule it out of order. Do you recollect what you did with the cash?

A. I took it with me to Montreal.

Q. What did you do with it at Montreal.

A. I disposed of it.

Q. Put it in the bank?

A. I do not need to tell. I probably—I had some payments to make.

Q. You can refuse to tell. Did you deposit it in the bank?

A. I refuse to tell.

By Mr. Gervais:

Q. Did you use it for your own business?

A. Yes.

Q. In the ordinary course of business?

A. In the ordinary course of business. I had some stocks that I had to pay on.

Q. And your men, your pay-roll?

(No answer.)

By Mr. Brodeur:

Q. In your examination you just referred to an invoice which is on file, which was shown to Mr. Préfontaine. Is this the invoice on which the 15 per cent had been reduced or some other invoice?

A. No, there was nothing reduced?

Q. You filed the other day this invoice which is marked——

A. I did not file that; it is Mr. Busteed's.

Q. Mr. Busteed filed the other day the copy of an invoice. Is that the one which you showed?

A. No, that is the one I paid.

Q. And the invoice which was shown to Mr. Préfontaine was the invoice for the steel bars, a total of $2,232.70?

A. That I showed to Mr. Préfontaine?

Q. The invoice that you showed to Mr. Préfontaine or to the officers of the department?

A. No.

Q. Did you show an invoice to somebody?

A. I showed my invoice that you have on your file.

Mr. BARKER.—That one in which the error was?

Mr. BRODEUR.—Yes.

The WITNESS.—That was the invoice we took the 50 per cent off. The other was the invoice from La Sirene without any deduction.

By Mr. Brodeur:

Q. And on which no reduction of 50 per cent appeared?

A. Nothing at all.

By Mr. Pardee:

Q. And Mr. Préfontaine never knew that you had got any reduction from Busteed & Lane?

A. Never knew. I did not tell him anything about it. If Busteed told him I did not know.

Witness discharged.

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

CONCERNING THE ACCOUNTS OF

B. J. COUGHLIN

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
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1906

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
July 7, 1906.

The Select Standing Committee on Public Accounts beg leave to present the following as their tenth report.

Your committee have had under consideration the accounts, vouchers and other papers relating to payments to B. J. Coghlin, as set out at pages P—20, 24, 60, 65, 67 and 157 of the Report of the Auditor General for the fiscal year ended June 30, 1905, and in connection therewith have examined witnesses under oath, and for the information of the House report herewith the evidence given by such witnesses and the exhibits filed, and your committee recommend that the same be printed.

WILLIAM ROCHE,
Acting Chairman.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
April 11, 1906.

The committee met at 10.30 a.m., Mr. Belcourt in the chair, and proceeded to the consideration of the accounts of B. J. Coghlin, as set forth at P—20, P—24, P—60, P—65, P—67 and P—157 of the Report of the Auditor General for the fiscal year ended June 30, 1905.

Mr. B. J. COGHLIN, of Montreal, called and sworn, and examined

By Mr. Northrup:

Q. Where do you live, Mr. Coghlin?
A. Montreal.
Q. What is your business?
A. Merchant and manufacturer.
Q. Have you a store as a merchant?
A. Yes.
Q. What kind of goods do you sell?
A. Hardware principally, of every kind.
Q. Anything besides hardware?
A. Oh yes, I get special orders and execute them.
Q. In your store have you anything else but hardware?
A. Oh, yes.
Q. Have you silverware in your store?
A. Yes.
Q. Have you cutlery?
A. Yes.
Q. Have you china?
A. No.
Q. Glassware?
A. No.
Q. I think you purchased some supplies in the year 1905 for the steamers *Montcalm* and *Champlain*?
A. Yes.
Q. Just tell us how you came to make the purchase?
A. We got an order to supply them, and the articles were selected from a book of illustrations that I have in my office, a book of patterns.
Q. You received an order for the supplies, and the selections were made from patterns you have in your office?
A. Yes, sir.
Q. From whom did you receive the order?
A. From the minister.
Q. Verbally or by letter?
A. Verbally.
Q. He called at your store, did he?
A. He called at my store.
Q. Which minister was that?
A. The late Mr. Préfontaine.

Q. He called at your store, and what did he instruct you to buy?

A. After looking over the book—and he was not conversant with it—he said, 'You order so and so for me, and I will leave the selection to you yourself.'

Q. He did not say 'so and so'?

A. Oh no, but he was incapable of ordering them from the book.

Q. But what did he tell you to order?

A. He told me to order supplies of spoons, forks, knives, plates and dishes.

Q. He left it to you, did he, as to quantity?

A. Yes.

Q. And as to quality?

A. As to quality.

Q. What was said about the terms on which you were to purchase?

A. The purchase was to be for cash on delivery.

Q. For cash on delivery? What were you to get out of it?

A. I was to get my profit.

Q. What was your profit?

A. Well, I imported the goods. I went to Sheffield——

Q. One thing at a time. I am trying to get at the bargain made between you and Mr. Préfontaine. What was said between you?

A. There was no price nor any terms.

Q. No terms at all?

A. No terms at all.

Q. That is between you and him as to what you were to be paid?

A. None.

Q. That is quite clear? When Mr. Préfontaine left your store you had a blank order?

A. A blank order.

Q. To furnish what you thought and at what prices you thought, and no arrangement as to your remuneration?

A. No, there was a contradiction subsequently——

Q. Subsequently, did anything occur between you and the department on the subject of remuneration?

A. Two or three months ago. I was paid for those goods twelve months ago.

Q. Excuse me, was there any subsequent bargain made?

A. No.

Q. Then if the deputy minister informs the committee that the bargain was that you were to be paid 5 per cent commission, that is not true?

A. No, that is not true. I have evidence with me to show that is not the fact.

Q. Did you order these goods?

A. I did.

Q. How did you order them?

A. I went to Sheffield and Birmingham, and from Birmingham to Stoke-on-Trent.

Q. You went to Sheffield and Birmingham and selected those goods?

A. I selected those goods.

Q. Did you go over for that purpose?

A. Not especially, but the principal object in going was to select those goods.

Q. The principal object in going was to make this purchase?

A. Yes.

Q. You made the purchase?

A. Yes.

Q. To what amount?

A. About $3,000.

Q. About $3,000? What became of the goods?

A. They were delivered to Mr. Gregory at Quebec.

Q. You purchased the goods in the old country?

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A. Yes.
Q. Where were they sent from the old country ?
A. To Quebec direct.
Q. The goods were sent from the old country to Mr. Gregory at Quebec ?
A. Yes.
Q. There is no doubt about that ?
A. No doubt about that.
Q. You are perfectly clear ?
A. Perfectly clear.
Q. The goods were shipped from the old country direct to Mr. Gregory ?
A. To Mr. Gregory, yes.
Q. That is the deputy, the agent at Quebec ?
A. That is the deputy, the agent for the Marine and Fisheries Department, yes.
Q. At Quebec ? You personally had nothing whatever to do with these goods beyond the purchase ?
A. None whatever.
Q. When were these goods purchased?
A. A year ago January. A year ago this January twelve months.
Q. That would be January, 1905?
A. 1905.
Q. When was the order given you by Mr. Préfontaine?
A. Just about the same time.
Q. About the same time ?
A. About the same time.
Q. That was in your store, I suppose?
A. Yes.
Q. Had you any notification of the goods being sent through from the old country?
A. Oh, yes, I got the invoices. I import them on my own account.
Q. So the invoices were sent to you?
A. Sent to me and I paid the duty and charges on them?
Q. You paid the duty?
A. And charges.
A. And charged it in your account?
A. Yes.
Q. Did you send in your account to the department?
A. I sent the account to the department.
Q. Or did you send to the department the invoices you received from the old country?
A. No, I sent them my own invoices.
Q. You made up the invoices yourself?
A. I made up my own invoices.
Q. How did you make up the invoices?
A. From the invoices I received from England.
Q. And the invoices you sent to the department then would be complete copies of the invoices you received from the old country ?
A. As regards the quantities and the articles, but I charge my profit on them.
Q. As regards the quantities ?
A. And the articles.
Q. And the articles ?
A. They were exact copies.
Q. Did you charge your profit ?
A. Yes.
Q. So that if we compare the invoices you sent in with the original invoices we will find they are identical as to prices?
A. Yes.

Q. These were sent to the department, and what did the department do?

A. They paid for them two or three months afterwards.

Q. According to your invoices?

A. They paid me my invoices.

Q. The account on your invoices?

A. Yes.

Q. Then all you claim from the department would be the difference in price between what the European invoice called for and what you charged in your own?

A. Yes.

Q. Was there any arrangement for any limitation as to the amount you could charge?

A. No.

Q. You were at liberty to charge anything you saw fit?

A. Anything I saw fit.

Q. And they paid just what you chose to charge?

A. They paid me my invoice prices.

Q. If Mr. Gourdeau says that you were to be paid five per cent he is mistaken?

A. He is mistaken, undoubtedly. I have evidence to show that he is.

Q. Now, if you will be good enough to look at these accounts that you sent in. There is the first one for the steamer *Champlain* (exhibiting file of documents)?

A. Yes.

Q. That is the one you sent in?

A. Yes.

Q. Well, you observe you charged commission 5 per cent?

A. Yes.

Q. When did you charge that commission?

A. It was charged then and there, but that was a mistake charging that commission. These invoices I did not see when they went out or I would not have allowed it to be charged.

Q. That is to say somebody in your employ made a mistake?

A. Precisely so in charging commission.

Q. And charged the commission without your knowledge?

A. Without my knowledge.

Q. Did you know the amount that you were charging the department for commission?

A. No, I did not see the invoices when they went out.

Q. You did not bother about the amount?

A. I did not bother about the amount.

Q. Then all the way through you charge your commission?

A. On these special things on the——

Q. On the purchases for the *Champlain* and *Montcalm*?

A. Yes.

Q. You did charge 5 per cent all the way through?

A. Yes.

Q. You were paid 5 per cent?

A. I was paid 5 per cent?

Q. Have you any letters to the department or from the department to you in connection with the payment of these invoices?

A. I have letters from the department which I have brought with me.

Q. Have you any letters from the department to you or from you to the department?

A. I wrote to them to say—it was a year ago or nearly a year——

Q. Don't bother about that. Kindly let me have any letters, or copies of letters, which you wrote to the department and the originals of any letters from them in connection with the payment of these invoices?

A. You can take them all, sir.

Q. What I am trying to get is the correspondence at the time these invoices were sent by you to the department?

A. I have not any copies except those that are here.

Q. Have you any copies of any letters you wrote to the department in the spring of 1905 in connection with these invoices?

A. Yes, sir, they are here. In 1906, it is.

Q. I am not asking you about 1906?

A. I have no copies of letters in 1905.

Q. Have you any originals sent by the department to you in the spring of 1905?

A. I do not think so. I have not got them.

Q. How did you know those goods reached Quebec?

A. They were invoiced direct and shipped by my shipper in Liverpool, and he advised me of the shipment of them in the ordinary business way.

Q. And they were shipped by your shipper right through?

A. Right through.

Q. From Liverpool to Quebec. You did not have any correspondence in the spring of 1905?

A. No.

Q. You were paid the full amount of your account?

A. I was paid the full amount of the account. I think it would be in April or May, I forget which. It was about that time of the year, but I was not paid promptly, I know.

Q. Did you hear anything about that account afterwards?

A. No.

Q. From that day to this?

A. Oh, yes, I have heard a good deal about it during the last few months.

Q. When did you hear from the Auditor General about that account?

A. About two months ago.

Q. About February?

A. I think it was in February.

Q. Last February was the first time you heard anything more about your account?

A. Yes.

Q. What did you hear then?

A. The deputy minister telephoned that he wanted to see me.

Q. The Deputy Minister of Marine?

A. The Deputy Minister of Marine. He said: 'Your account is not right, Mr. Coghlin.' I said: 'How?' He said: 'The Auditor General finds fault with your charging commission and charging profit.' That was the first time I saw these invoices.

Q. The Auditor General objected to your charging profit?

A. This commission.

Q. Over and above your profit?

A. Yes.

Q. When the deputy minister told you, what did you say?

A. I told him it was a mistake charging the commission, and I wrote to him next day and forwarded a cheque for the amount.

Q. How much was that?

A. One hundred and sixty-six dollars.

Q. One hundred and sixty-six dollars you refunded at once?

A. At once.

Q. Did you hear anything more about your account after that?

A. About a week or ten days afterwards I got another request from the deputy minister to come again to Ottawa. I did so, and he said: 'There is more trouble about this account, Mr. Coghlin.' He said further: 'Do you want to have it come before par-

liament?' I said: 'I do not.' 'Well,' he replied, 'the best thing you can do is to refund the profit.'

Q. That took place between you and the deputy minister?

A. Yes, in the presence of the Auditor General.

Q. In whose office was this?

A. In the Auditor General's office.

Q. Then, when the deputy minister sent for you you came to Ottawa and went to his office?

A. And from his office to the Auditor General's office.

Q. That is the first you had to do with the Auditor General?

A. No, because I saw him on the first occasion.

Q. You saw the Auditor General the first time?

A. I mean ten days previous to this, when I refunded the commission. I saw him then, and I thought that would settle the matter.

Q. Now, excuse me, you did not tell us this before. When you came up and saw the deputy minister at the time you refunded the commission, after the conversation that you had, you went over to the Auditor General. What was the conversation?

A. The conversation?

Q. What conversation had you there with the Auditor General?

A. I told him then and there that I would send him a cheque for the commission.

Q. Was that all that was discussed?

A. That was all that was discussed at that particular time.

Q. You went your way and he went his?

A. Yes.

Q. Then you had this second message from the deputy minister?

A. Yes.

Q. You came up and went over to the Auditor General?

A. Yes.

Q. Then tell me what took place then?

A. They found fault with the prices I charged.

Q. The Auditor General, I suppose?

A. Colonel Gourdeau.

Q. With the charge you made?

A. With the charge I made. They said I had overcharged, that my prices were excessive.

Q. You contended they were reasonable?

A. They were reasonable.

Q. On the one hand there was the Auditor General and the deputy minister saying that your prices were excessive, and you on the other hand maintaining they were all right.

A. That was exactly the condition.

Q. And what was the result?

A. The result was that rather than have my name made public and have my business exposed I said, 'What do you want done. I want this thing settled.' They handed me a paper which you have there.

Document filed and marked Exhibit No. 1.

	$2,075.92
Freight	75.00
Travelling expenses	150.00
	$2,300.92

	$3,472.79
	2,300.92
	$1,171.87

APPENDIX No. 3

Q. Whose figures will those be?
A. Those figures are in Col. Gourdeau's handwriting.
Q. Now, please look at the figures in the exhibit and state what they mean, for I do not understand them?
A. They require explanation. I did not understand them at the time. They took me in, both of these gentlemen. They deceived me, both of them. I said, 'Look here, what is it you want?'
Q. Now explain what these figures mean. The first item is $2,075.92. What does that mean?
A. That was for the cost of the goods in England.
Q. That was the cost of the goods in England?
A. In England.
Q. The correct cost of the goods in England?
A. That was what I paid for them.
Q. Well, the next item?
A. The next item is they allowed me $75 for freight.
Q. And the next?
A. In the next item they allowed me $150 for my expenses.
Q. And those added together gave you how much?
A. $23,000.
Q. $2,300?
A. Yes, I mean $2,300.
Q. Then the next item?
A. That is what they paid me and that is what I charged them.
Q. You charged them $3,472.79 for goods for which you paid $2,075.92?
A. No, $3,000.
Q. No, excuse me, you paid $2,075.92 and you charged the government $3,472.79?
A. That includes other charges.
Q. You can explain that afterwards. That is what you did charge?
A. Yes.
Q. And the government allowed you the $2,079 which you paid?
A. Yes.
Q. They allowed you $75 for freight?
A. Yes.
Q. They allowed you $150 for your expenses?
A. Yes.
Q. And those added together come to $2,300?
A. Yes.
Q. They deducted that amount from the account?
A. Yes.
Q. Leaving $1,171.87?
A. Yes.
Q. And you paid that back?
A. I gave them a cheque for that.
Q. You paid it into the bank?
A. I gave them my cheque for it, and it came through in my office expenditures.
Q. You paid it into the bank for the government, did you not?
A. No, I handed it to Col. Gourdeau.
Q. You handed it to Col. Gourdeau?
A. Yes; there is a letter accompanying it.
Q. They allowed you $150 for your expenses or trouble?
A. Yes, sir.
Q. That would be over 5 per cent commission on the goods that you bought?
A. Yes.
Q. Will you please look at this file and see the firm of John Walsh?

A. Yes.

Q. Can you find in the invoices that you sent into the government the corresponding items to those charges ?

A. Yes.

Q. The first item I find is '74 sherries, cut and badged, badge 'Crown' Dominion of Canada, at 20 shillings, total £6 3s. 4d.?

A. Yes.

Q. Then read the next item?

A. The next item is '72 ruby hock glasses at 30 shillings, total £10 16s.

Q. And the next?

A. The next is 70 champagne glasses at 30 shillings.

Q. And the price?

A. £8 15s.

Q. The next?

A. Seventy-three tumblers, pint, at twenty-two shillings.

Q. Half pints, is it not?

A. Yes, half pints.

Q. And the price?

A. Twenty-two shillings, £6 13s. 10d.

Q. And the next?

A. Seventy-eight squat fluted tumblers, nine shillings.

Q. And the total?

A. The total is £30 0s. 2d.

Q. I mean the totals of that article?

A. £2 12s. 6d. is it not?

Q. And the last item?

A. Is the case they were contained in.

Q. How much?

A. Thirteen shillings.

Q. And the total?

A. And the total is £30 0s. 2d.

Q. What is that carried out in dollars and cents, at?

A. That is exchange, at the rate of 10 per cent which is the ordinary rate of exchange.

Q. What is the amount itself carried out at?

A. $176.04.

Q. On which you charged your commission?

A. Of 5 per cent.

Q. Now then, can you show me in your invoices these articles and the prices at which you charged them?

A. This is my charge.

Q. Show me the original charge?

A. The original is here. The first item is seventy-four sherries at fourteen shil

Q. That is the first item ?

Q. This is the first item?

A. Yes.

Q. At how much?

A. Fourteen shillings.

Q. And the total is?

A. £4 6s. 4d.

Q. And the next article?

A. The next article is seventy-two ruby hocks at twenty-seven shillings.

Q. How much is the total of that item?

A. £8 2s.

Q. And the next?

A. The next is seventy champagnes at 21 shillings.

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Q. The amount?
A. £6 2s. 6d.
Q. The next?
A. Seventy-three tumblers, half-pint, at 16s. 6d.
Q. The price?
A. The total is £5 0s. 4d.
Q. Now the next item?
A. Seventy-eight tumblers, squat fluted, at 4s. 6d.
Q. The total?
A. £1 9s. 3d.
Q. And the total price of all these is?
A. The total is £24 3s. 5d.
Q. Excuse me. The total is £25 0s. 5d ?
A. Yes, that is the total.
Q. And they allowed off a discount of?
A. 5 per cent.
Q. That is £1 5s.?
A. Yes.
Q. Making the price of these articles?
A. £23 15s. 5d.
Q. And there is the cask?
A. The cask is eight shillings.
Q. And that made?
A. £24 3s. 5d.
Q. The total charge in the old country for the goods that you charged with your commission—$184, I think?
A. Yes, $184.
Q. $184.84 ?
A. Yes.
Q. For £36 0s. 2d?
A. For £36 0s. 2d.
Q. Now see if you can find me in the original invoices, the invoices for these cups and saucers for the saloon. Seventy-two breakfast cups and saucers, seventy-two teas, thirty-six egg-hoops, &c., £36 8s. 2d?
A. Here they are.
Q. Just the originals of what you charge that seventy-two cups and saucers, &c., what do you charge to the department?
A. I charge for these seventy-two cups and saucers, $1.04.
Q. Seventy-two cups and saucers at $1.04?
A. Yes.
Q. There is no mistake about it. What does Mr. Coghlin say, each, or per dozen?
A. It must be each. They were 'Chelsea.'
Q. We have seventy-two cups and saucers, a total of $74.88.
A. Yes.
Q. Read the next item?
A. Seventy-two teas.
Q. Seventy-two tea cups?
A. Seventy-two tea cups and saucers at 69c. apiece.
Q. The amount is how much?
A. $40.88.
Q. And the next item?

By Mr. Lemieux :

Q. In the book here, I see seventy-two cups and saucers at $15.39?
Mr. NORTHRUP.—That is the wrong item ; this item is on page 24 in the first line. Then there is 'thirty-six egg-hoops' at how much?

A. At 42c.

Q. Amounting to how much?

A. $15.12.

Q. The next item?

A. Forty-eight individual butters at 32c., amounting to $15.36. Then there is '372 badges at 8c.,' amounting to $29.76.

The CHAIRMAN.—What are the badges ?

A. They would be the coat-of-arms of Canada which were put on the cups and saucers and the others articles.

Q. The coat-of-arms of Canada had to be impressed on every cup and saucer and upon a great many other articles?

A. Upon all the articles.

By Mr. Northrup :

Q. Now the other item?

A. Six Meissens and nappies.—I do not know what nappies are, but they are at $1.18. They would be little dishes, I think. The total of that item is $7.08.

Q. You must know what they are, you ordered these?

A. Yes, I ordered them, but this is written in French and I do not understand French.

Q. What is the next item?

A. There are thirty-six dessert plates 'Osborne,' at $3.18.

Q. Is that apiece?

A. No, that cannot be each. It must be a dozen, because the total of the item is $9.44. The next item is forty-eight plates, 6", at $2.20.

Q. Per dozen?

A. Yes, the total is $8.80. Then there is forty-eight fruits, 5", at $1.47, total, $5.88. Then there are six dishes, 2 each 10", 40c.; 12" at $1.14, 10" at $1.71, making a total for the six of $7.30.

Q. We won't bother about the others, there are a number of other smaller articles?

A. Yes.

Q. Very well, we will not bother about them. Then for the officers of the steamer *Montcalm*, read here :

A. 'Twelve dessert plates, 'Osborne,' white glaze, and badge D.G.S. Montcalm in maroon, that is because of the badges, $2.20 per dozen, and then six Meissen nappies at 73 c. dozen, $4.38.

Q. Do not bother about any more items in this invoice. Find the same items in the invoice you received from the old country and just compare them.

By Mr. Piché:

Q. Do I understand that both invoices have been filed with the government?

A. No, you got them yourselves from the Customs House, I did not file them.

By Mr. Northrup:

Q. What do you find, Mr. Coghlin, please find those items? Mr. Coghlin has said that he bought these goods as the agent of the government?

A. No, Sir, I deny that here and in all my correspondence. I bought them as a merchant, and supplied them to you as a merchant. You have that in my answer to the first question; you asked me, whether I bought them as a merchant or as an agent of the governrment.

Q. We have a letter from the deputy minister saying that 'these goods were bought in the same manner and through the same agent that supplied similar goods for the steamer *Druid* some two years ago, and as I have already stated to you verbally, the then minister thought it was better to buy these articles from a wholesale firm in England through an agent who would be able to secure the trade discount.'

A. I deny that those are my terms.

APPENDIX No. 3

Mr. NORTHRUP.—In addition we have the letter of the Auditor General to the deputy minister : 'Mr. B. J. Coghlin called on me yesterday in reference to the silverware, &c., purchased for the steamers *Montcalm* and *Champlain*. He admitted that the arrangement was as stated by you, viz.: That he should purchase the goods from a wholesale house for your department and receive a commission of five per cent on the purchase.' That is what Mr. Fraser writes to Mr. Gourdeau as the result of that interview.

A. I have contradicted that by letter and not only then but previous to then, and I again repeat that those are not the terms on which I sold the goods or got the order for them.

Q. As a matter of fact, when you refunded the money to the department did you refund the profits and the commission?

A. I refunded—when my attention was first called to it, I refunded the commission, which they refused to accept, and they called me to Ottawa and Mr. Gourdeau and the Auditor General went over the matter again with me and said: 'No, we must have this profit, this advance taken off,' and I said, that sooner than have my name come before parliament and let everybody know what I was doing in my business, I told them to just make up the account and said: 'I will give you my cheque for it,' and on the impulse of the moment they made up the account, and I gave them the cheque. They made up the figures giving me exactly what I had paid for these goods myself in England and I gave them a cheque for the difference. But when I went back to Montreal on looking over the account I found that I had given them back not only the profits I had made but some of the principal as well.

By Mr. McLean (Lunenburg) :

Q. Did they ask you for a deed of your property?

A. I suppose they would; but both of these gentlemen treated me very unfairly.

By Mr. Northrup :

Q. Can you find these other articles here?

A. They are all here.

Q. Can you find them?

A. Which articles do you want?

Q. These seventy-two breakfast cups and saucers, if you will look up the invoice?

A. Yes.

Q. Well, the first item in the Cauldon bill?

A. Seventy-two breakfast cups and saucers marked 'Chelsea,' 5328, at 2s. 1½d, £7 13s. 0d., and the next item is seventy-two teas and saucers at 1s. 5d., £5 2s. 0d. Then the next item is thirty-six egg-hoops at 10½d., amounting to £1 11s. 6d. Then forty-eight ind. butters at 8d., making £1 12s. 0d. Then six Meissen's nappies at 2s. 5d., making 14s. 6d.

Q. You have skipped the badges?

A. There were 372 badges charged at 2d.

Q. Amounting to how much?

A. £3 2s. 0d. Shall I read it all down ?

Q. As far as you went before in the other invoice.

A. Thirty-six dessert plates 'Osborne,' at 6s. 6d, making 19s. 6d. Forty-eight plates, 6″, at 4s. 6d—this is a copy of my invoice.

Q. No, no, it is not, it is a copy except the prices.

A. Yes, a copy except the prices—I have already explained that. Then there is forty-eight plates, 6″, at 4s. 6d., making 18s.

By Mr. Zimmerman :

Q. There seems to be quite a discrepancy between the prices in the two invoices, did you add the duty on the English prices?

A. The duty is included in my own prices, but these are the prices at the factory.

Q. And that accounts for a great deal of the discrepancy between the prices?
A. There is no doubt about it.

By Mr. Northrup :

Q. Who pays the duty?
A. I did.
Q. Was it ever refunded to you by the government?
A. No.
Q. Was it charged to you?
A. Yes.
Q. You charged the duty by adding a proportionate amount on each item?
A. On almost every one of the items.
Q. You swear to that?
A. Yes.

By Mr. Zimmerman :

Q. That is the customary way of doing business?
A. Yes.

By Mr. Demers (St. John and Iberville) :

Q. Did the government offer to refund the duty?
A. No, I did not ask them.

By Mr. Northrup :

Q. When you settled up with the government this slip (Exhibit 'A') was given you?
A. Yes.
Q. Where is the duty shown there?
A. It is not.
Q. Did you lose it?
A. I lost the difference between that and the total—the money I refunded to them.
Q. You lost the duty; what duty is charged there?
A. It is not a question of duty, but I gave all my profits back.
Q. I am not asking you about the profits, I am asking you about the duty.
A. This I paid on the goods when I received them.
Q. Did you lose the total amount of the duty?
A. No, but I lost the amount I had made on the goods in the first instance.
Q. Does this $2,000 represent the amount you paid in the old country?
A. Yes.
Q. Is any of this what you paid in the old country——
A. I do not know, I took it from the Auditor General.
Q. For all you know it may include duty?
A. It may.
Q. It may include the whole of it?
A. It may.
Q. I am not asking you about the profits, I am asking you about the duty ?
A. No.

The CHAIRMAN.—Mr. Coghlin stated distinctly that the $2,070 would not include the whole of the duty paid by him on this purchase.

A. No, it does not include that. The price charged the government includes the duty added.

By Mr. Northrup :

Q. When you settled with the Auditor General there was an amount of $2,075 that you had paid for the goods?
A. Yes.

APPENDIX No. 3

Q. Will you say now, on your oath, whether you paid $2,075 for the goods, or whether that also included the customs duty on the goods?

A. These figures were given me by the Auditor General, who made them up from his own calculations, and I took his word.

Q. That is very interesting, but it does not answer my question.

A. I do not know, I took the figures from him.

Q. Do you know whether you were paid all your customs or not?

A. I am sure I was not.

Q. Now we have the letter of the Auditor General here, let us see how you agree with his figures. Under the date of the 3rd of March, 1906, he writes to the deputy minister a letter in which he gives his statement and he has figured out that the amount paid for the purchase of the goods was $1,637.81, duty paid by Mr. Coghlin, $339.26; making a total of $1,977.07. Five per cent commission on above, $98.85, which added together would make $2,075.92.

A. Yes.

Q. Are you prepared to say that the Auditor General was wrong in his figures?

A. I am prepared to say that he did not include anything like the charges I paid on those goods. He did not add in that the inland freight or the ocean freight, he did not include the freight, and other costs.

By Mr. Barker :

Q. He allowed $75.

A. That was not sufficient. I took that statement with his figures as being correct.

By Mr. Northrup :

Q. After reading this letter of the Auditor General, will you admit that his customs duty is repaid you?

A. I do not know; I never saw that letter until now.

Q. Will that refresh your memory on the point?

A. I do not think it will, because I had nothing to do with it.

Q. You do not know yourself how you stand on these transactions?

A. I know that I am advised by my bookkeeper that I am the loser by it.

Q. Personally you do not know anything about it?

A. I do not.

Q. When did you have this conversation with the Auditor General, that he referred to in the letter of the 3rd of March? Do you say it was the 2nd of March?

A. Yes. Here is a letter I wrote then (producing letter).

Q. That is April 9?

A. No, there is a letter written on March 10.

Q. April 9, that is after you were here you wrote this?

A. Yes, I wrote explaining——

Q. You are wakening up now, I see?

A. No, I am not waking up, I am explaining this transaction. It is a disgraceful affair, and I would like you to read that letter.

Q. I do not propose to read it?

A. That was the time I paid the $1,100.

Q. Now then, at the time you called on Mr. Fraser, the Auditor General?

A. Yes.

Q. Did you admit to him that you were buying the goods as an agent of the government?

A. I did not.

Q. That you were to receive a commission of five per cent ?

A. I did not. I denied it.

Q. If he says so, he is mistaken?

A. Undoubtedly.

Q. You always contended, all the way through, that you were not to receive any commission?

A. You have it in those papers there.

Mr. PICHÉ.—Are those papers filed?

Mr. NORTHRUP.—No, the witness can put them in later on but I will not. I do not put in letters that were written after this whole transaction was taken up when it was necessary to make explanations, letters written after he was caught and refunded the money?

A. There was no catching about it—I request you to withdraw that statement.

Q. The witness has a perfect right to make any explanation?

A. You asked me a question and I was giving you an answer. I request you to withdraw that statement. I ask that that letter of mine be read.

Q. The originals are not here?

A. They should be here, they were sent here, I believe.

Mr. DEMERS (St. John and Iberville).—The witness says he has a letter which he wants read. I, as a member of the committee, want to know what that letter of March 10 contain.

The CHAIRMAN.—I think it is fair that any member of the committee should have the right to ask that any document produced or spoken of should be read.

Mr. NORTHRUP.—Have I not said half a dozen times that the witness has a perfect right to have this letter put in and read, but I object to put it in as a part of my examination, as a part of my case.

(Letter of March 10 produced and read by the clerk of the committee as follows:

'MARCH 10, 1906.

'COLONEL GOURDEAU,

Deputy Minister of Marine and Fisheries,

Ottawa.

DEAR SIR,—Referring to the interview I had with you yesterday with regard to the price which we charged you for some silverware, chinaware, &c., which we supplied you with a year ago, I regret there should be any misunderstanding about the price and the terms upon which we filled this order. But certainly you are labouring under a mistake as to my undertaking to do it on a commission basis. This I could not do. What I did promise you to do was to order these goods of the best materials from the most reputable manufacturers in England with whom I am in connection, and as I was going to England at the time you placed the order with us, my promising to call upon the different manufacturers and select those goods myself, which I was able to do by going to Sheffield, and ordering the silverware, from there I went to Birmingham, where I had the glassware manufactured, and from thence to Stoke-on-Trent, where I got the chinaware and earthenware made for you, those goods I bought at manufacturer's prices and charged you a minimum profit, and if you had bought those goods in this market you would have had to pay considerably more for them than I charged you with.

It was owing to my long connection with these manufacturers that they filled your order as the quantity of each article in your order was so trifling, it was not customary for those manufacturers to fill such orders, and it was only as a favour to me that they done so. Hence I repeat, I supplied you those goods on the best terms. If I had charged you with the expense of purchasing those goods for you, I should have charged you a considerably larger amount for them, nevertheless if you think I should not have charged you with this extra five per cent commission on the invoice price, I would be prepared to concede this item, rather than have you displeased with anything I supplied your department with. Again, I assure you that the trouble and expense that I had in getting those goods manufactured for you, has left me little or no profit.

Hoping to hear from you at your earliest convenience and accepting this explanation,

I remain,

Yours truly,'

WITNESS.—That is the letter I wrote, and he never acknowledged it. I wrote him subsequently, confirming that, at the time they extracted that cheque for $1,100 from me. You have it in the correspondence also.

By Mr. Demers (St. John and Iberville) :

Q. Was that letter written, Mr. Coghlin, before you were summoned to appear at this committee?

A. I was only summoned on Saturday last. I only got the summons on Saturday evening.

Mr. BRODEUR.—That letter was written two days after the House opened.

By Mr. Northrup :

Q. Was that letter, which has just been read, written by you the day that you saw the Auditor General?

A. No. It was written the day after, when I went home.

Q. You are quite clear about that?

A. That letter of the Auditor is dated March 3, but my letter is dated March 10.

Q. Then, as a matter of fact, it was not the day after?

A. Well, I am telling you they are not the same dates, but the dates on the letter show for themselves.

Q. Well then, it was a week after you saw the Auditor General?

A. Well, there are the dates there.

Q. You wrote that letter and received no reply to it?

A. I received no reply.

Q. And the matter was closed there?

A. No, it was not closed. There was another letter written since that inclosing the cheque for the commission, which they did not answer. Then they called me to come here again, and then they extracted my profits from me by taking that cheque for $1,175.

Q. Which you paid?

A. Which I paid.

Q. This was not the first time you had bought goods for the department, of this character?

A. It was not.

Q. You had bought for the *Druid.*

A. Yes.

Q. Did you buy for any other boat?

A. Yes.

Q. For what other boat?

A. I think for the *Lady Laurier.*

Q. Had you a written or a verbal contract that time?

A. The contract was given me in my office.

Q. Just like this one?

A. Yes.

Q. On that former occasion how were you paid?

A. I cannot tell you.

Q. Was it a commission of five per cent?

A. I cannot recollect.

Q. The order was given by the same minister?

A. Not by the same minister.

Q. Who was the minister at that time?

A. I do not recollect.

Q. You do not remember the terms on which you were paid in that case?

A. No, I do not.

Q. You have told me, I think, that these goods were sent out to you direct?

A. They were consigned to me in Quebec and I delivered them to Mr. Gregory.

Q. What is this I see on these papers, perhaps you will understand it. (Document produced.)

A. This is a memorandum of the Canadian Pacific Railway.

Q. Well, it is received from B. J. Coughlin & Co. Aparently they had received from Coghlin twelve cases addressed to Mr. Gregory at Quebec.

A. To Mr. Gregory at Quebec.

Q. In Montreal, they were consigned to you?

A. Well, I do not know whether they came to Montreal or went direct to Quebec. It was in the winter I know.

Q. Will you change your story now that those goods were shipped to Mr. Gregory

A. I cannot recollect. I never saw that bill.

Q. You will stand by what you said before that they were shipped direct to Mr. Gregory?—you told me they were shipped to him direct.

A. They came to me and were then sent to Quebec.

Q. Will you change your story noy that those goods were shipped to Mr. Gregory direct?

A. I cannot tell you whether they were shipped to Montreal or to Quebec. This looks as though they come via Montreal.

Q. And that you had reshipped them to Mr. Gregory.

A. Yes, that would appear from this document.

Q. Have you any memory about it, at all?

A. No.

Q. Did you ever see these cases?

A. No.

Q. Do you know, of your own knowledge, how many cases there were?

A. I do not.

Q. Do you know if everything that came to you was sent on to Quebec?

A. No, it was not, because there were some goods came at the same time for myself.

Q. At the same time and on the same boat?

A. On the same boat, and the same consignment, but in different packages.

Q. You are quite clear about that?

A. Yes.

Q. Well, how is it that you did not know whether these cases came to Montreal or not?

A. Well, it appears from the paper you have shown me that they came via Montreal and were sent on to Quebec, without opening.

Q. Do you know about the number of these cases?

A. No.

Q. Have you ever seen them since?

A. No. I believe you made a search for them and found them at Quebec. I understand you sent to Quebec, and that they told the premier that they were never received and that he took the trouble to go to Quebec and to find out for himself.

Q. Who are you talking about?

A. I am talking about the statement made by you gentlemen that they were never received, and that the premier was told they were never received at Quebec, and he made a search and found the cases there.

Q. That is news to me. I think we will have to have the premier produced?

A. Well, it is a fact anyway.

By Mr. Geoffrion :

Q. I think you have refunded a certain amount of money to the department?

A. Yes.

Q. I understand that you maintain you were right and that the refund made by you was not made because you thought you were wrong?

A. No.

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Q. And you still maintain that you were right?

A. Yes.

Q. This was a question which was settled between you and the department?

A. Yes.

Q. What we want to know here, and what the country wants to know, is whether the department made a good bargain or not, with you. The other question is to be settled between you and the department?

A. Yes.

Q. You said in your letter, which was just read there, that the price which you charged to the Department of Marine and Fisheries, was still lower than the price which they could have got the goods for here in any of the stores in Canada.

A. Yes, I maintain that, and say that the same class of goods could not be obtained in any part of Canada or in the United States.

Q. That the cost of the goods, and the duty and everything which was added and included in your account, you still maintain that your prices are below the prices at which the goods could have been obtained in Canada?

A. They are 50 per cent below, and the goods could not have been had in Canada, these were special goods, specially made and selected by myself.

Q. Now, to come to the bargain which was made between you and the department. You said that the late minister went to you himself, how did he come to come to you? Did he know you, or did he know anything about your business?

A. He must have known it, I did not tell him, but he must have known it.

Q. And he thought you were the proper person to buy these goods?

A. I thought so.

Q. Was the order given in conversation or in writing?

A. In conversation.

Q. You were told just about how much was wanted?

A. Yes.

Q. How many dozen of this article and of that?

A. Yes.

Q. And it was intimated to you that the price should be better than the price at which it could be obtained in Canada?

A. No, there was no intimation of that kind at all. There was no intimation given to me at all; the whole thing was left to myself, and I executed the order, and I am quite willing to refer the matter to the committee now. I have a sample of the goods here.

Q. So that, according to the figures—have you those figures there (Exhibit 1)—according to those figures it appears that you have refunded $1,171.87?

A. Yes.

Q. Which must have left you out of pocket in the bargain?

A. Certainly.

Q. That is to say, you have been paid, having refunded $1,171.87, you simply have been paid the cost of the goods, which you paid in England?

A. Not the entire cost.

Q. You have not been paid the entire cost?

A. Not the entire cost.

Q. Then you must be out of pocket a certain amount?

A. Undoubtedly I am out of pocket.

Q. How much?

A. Well, $200.

Q. So you have lost all your time?

A. All my time.

Q. And part of your expenses?

A. Part of my expenses.

Q. And you have refunded the commission and some part of the money?

A. Yes, it was extracted from me, by these two gentlemen, unfairly.

Q. Do you not think some of the gentlemen in the department are a little over-zealous about the matter?

A. I have no doubt about it.

Q. They were over-zealous in having you refund such an amount as that?

A. Yes.

Q. About the 5 per cent commission, you still maintain that it was an error that you never mentioned that you were to charge a commission of 5 per cent?

A. Never.

Q. It was always your intention?

A. To charge my profit.

Q. To charge your profit?

A. Yes, a reasonable profit, which I maintain I have only charged. If you read my letter you will see the whole transaction explained there.

Q. Was it a contract which it would have been possible to place, would it have been possible to purchase these goods in Canada?

A. It would be impossible to make them in Canada, and impossible to buy them on a commission basis, because I had so much trouble with them myself.

Q. So that, as far as you know, according to your long experience as a merchant, and knowing from your experience in that class of goods, do you think that the government, or the department, has bought these goods very cheap; that it was absolutely impossible to make a better bargain than they would have made if they had paid the amount you first charged?

A. I simply tell you, sir, they could not have bought them elsewhere, at any price; at 100 per cent more they could not get them.

Q. So that, now, if they do not refund you the amount which they got from you, that is $1,171.87, they simply get the goods at cost?

A. At less than cost.

Q. At the cost of manufacturing in England?

A. At less than cost.

Q. And they paid you nothing for what you did for them?

A. They have paid me nothing for what I have done for them.

Q. What was the reason, knowing that you were right, that you refunded the money?

A. My reason was that I carry on my business in a gentlemanly way, as a manufacturer and as a merchant without ever going to law, never having my name brought before the public, and I did not want my name and my business published, and when these figures were given to me, I said 'give me a cheque,' and I wrote a cheque and handed it to them, but when I got home I found my error, and then I wrote to them and you will find in my correspondence what I thought; they treated me most disgracefully.

Q. You gave the cheque rather than have any trouble?

A. I have been 38 years in business, and have never had any trouble.

Q. You have the best standing in the community and in the country and you gave them this cheque rather than have the least difficulty?

A. That is the fact.

Q. You would rather refund the whole sum and lose all your profits?

A. Well, as a matter of fact, I told them they might take the whole principal if they liked.

Q. I suppose it would be a very easy matter to prove your contention that the cost of the goods to you in England as given by you is right, and that the price of those goods that could be bought here in Canada would have been very much higher than the price you charged originally—that would be a very easy matter to prove?

A. I stated that, sir.

Mr. STOCKTON objected to the question.

A. The proof is not forthcoming, but another thing that did come to me is the knowledge that a member of the government went around and compared some of my goods, even with inferior goods, and still they found that mine were the cheapest.

Q. Yours were the cheapest?

A. Yes, notwithstanding the fact that my goods were the best.

Q. Your goods were of better quality and cheaper?

A. Yes; I have with me some samples of these goods that have been in use many years.

Mr. STOCKTON.—What member of the government was it went around inquiring?

A. I do not know, but they went around and made inquiries as to the prices.

Q. You say that the government went around and made inquiries about the difference in the goods and the cost.

A. Yes, I told you so. I think they have treated me very badly in the matter.

Q. You think you ought to be repaid the money which you refunded?

A. I think if you gentlemen have any sense of justice you will order that money to be refunded to me. Now I have copies of these invoices here, and I am prepared to go over every one of them with you.

By Mr. Brodeur :

Q. You have been in the wholesale business in Montreal for many years?

A. For 38 years.

Q. And you do a considerable business in Montreal?

A. Yes, and all over the country.

Q. You purchase your goods largely in England?

A. In England and in the United States—principally in England.

Q. And from the manufacturers in England?

A. Only from the manufacturers.

Q. Direct from the manufacturers?

A. Direct from the manufacturers.

Q. Some years ago you were called upon by the Department of Marine and Fisheries to furnish similar goods to those now investigated?

A. Yes, on the vessels the *Druid* and the *Lady Laurier.*

Q. When the orders were given to you for these goods was not a letter sent to you by the department on the 27th May, 1902, by the deputy minister stating this:—

'I have to request you to purchase the articles enumerated for the steamer *Druid,* allowing you the trade discount upon the prices of the articles.'

A. I think there was something of that kind, I think I got that letter, but I would not be positive.

Q. You were called upon to purchase these goods, allowing you the trade discount?

A. Yes.

Q. What is the meaning of the words 'trade discount'? And what was it supposed to represent?

A. It represents the manufacturer's discount to the merchant.

Q. What would be the discount on goods which you bought from the different houses from which you would order supplies in this case?

A. It might be 5 per cent, or 10 per cent, or 20 per cent, and in one case 50 per cent on the prices of these goods. These goods I invoiced to you at net prices.

Q. So that you were entitled to charge to the department, according to this letter of the 27th May, 1902, you were allowed to charge the trade discount?

A. Yes.

Q. And sometimes the trade discount would be 40 per cent and 50 per cent?

A. Yes, as a matter of fact I have known a trade discount of 90 per cent.

Q. Last year you were asked by the Minister, the late Mr. Préfontaine, to purchase some goods, some similar goods for the *Montcalm.*

A. Yes.

Q. You went to England?

A. Yes.

Q. You purchased these goods from the manufacturers?

A. From the manufacturers, the same people that originally supplied them for the *Druid* and the *Lady Laurier*, and I had a great deal of difficulty in getting that consignment of goods.

Q. If we had bought the goods in this country what amount should we have been called upon to pay for them?

A. You would have been called upon to pay 30 to 50 per cent more than I charged you, that is, you could not get them in this country.

Q. They had to be purchased on the other side?

A. Yes, because they were made on the other side.

Q. When you presented your account to the department you made a charge of 5 per cent?

A. Yes, in error.

Q. By you?

A. By my clerk.

Q. Outside of your knowledge?

A. Outside of my knowledge. I did not know about it until about February last of this year. Sometimes we have one hundred invoices in a day. It is not my business to supervise my invoices.

Q. The goods were received and duly delivered to the government?

A. Yes, I filled the order.

Q. You had an interview with the Auditor General with regard to these goods?

A. Yes.

Q. How did you come here—there was some difficulty with regard to these goods?

A. I was requested by the deputy minister to come to Ottawa and explain the matter to him.

Q. You came to Ottawa?

A. Yes.

Q. And then what did you state?

A. Colonel Gourdeau asked me to see the Auditor General, and he said, 'How did you come to charge a profit, a commission?' I said, 'It is a mistake to charge a commission.' I refused that at once and I went home.

Q. Refused the 5 per cent commission?

A. Yes. I went home and wrote a letter and sent a cheque for this amount of commission which I refused to take. The Auditor General said, 'It is none of my business to ask what your profit is, but you are not justified in asking for a profit and commission.' I said, 'I am not aware of that.'

Q. You were only receiving 5 per cent commission on the purchase?

A. Yes.

Q. Though if we follow the contract made with regard to the *Druid* some years ago you would be entitled to a profit of 50 per cent?

A. Yes, and my profit this year does not amount to 20 per cent, and in one instance—I have my invoice here—a small amount for steel plates in which I lost $140.

Q. Have you got some statements with you?

A. Yes.

Q. Some statements which you would like to file?

A. Yes, I am prepared to file them.

Q. Which are they? Will you explain to the committee what these invoices are?

A. Yes. May 2 last year——

Q. What is that?

A. May 2.

Q. Has it something to do with this investigation?

A. Yes, it is in the blue-books.

Q. In connection with the items on which you are being examined?

A. Not on these items. You are only examining with regard to the silverware and the plated ware.

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Q. Yes.

A. Here is an invoice, March 21, 1905, 180 steel plates, $484.03, upon which I lost $140 to carry out my contract. I have carried out all my contracts with the government. Last year I lost $8,000 on my business I did with the government.

Q. The deputy minister stated in his former letter to the Auditor General, in his letter of the 29th January, the following:—

'OTTAWA, January 29, 1906.

'SIR,—In reply to your letter in regard to the purchase of silverware, &c., for the *Montcalm* and *Champlain*, I beg to say that these goods were purchased in the same manner and through the same agent that supplied similar goods for the steamer *Druid* some two years ago, and, as I have already stated to you berbally, the then Minister thought it was better to buy these articles from a wholesale firm in England through an agent who would be able to secure the trade discount, and this was accordingly done.'

Did that statement of the deputy minister agree entirely with what he said in his letter of 27th May, 1902, in which he said:

'I have to request you to purchase the articles enumerated for the steamer *Druid*, allowing you the trade discount upon the prices of the article.'

A. Yes.

Q. I think we should in fairness to the deputy minister quote the letter he wrote on the 4th of April, in which he says:

'OTTAWA, April 4, 1906.

'SIR,—In answer to your letter of the 2nd instant with further reference to the accounts of Mr. B. J. Coghlin, I may tell you that after examining the file where the order for silverware, &c., was given for the steamer *Druid*, I regret to say that I was entirely wrong, and here are the exact conditions, as per letter dated 27th May, 1902:

"I have to request you to purchase the articles enumerated for the steamer *Druid*, allowing you the trade discount upon the price of the articles."

'I regret having made the statement that it was on a 5 per cent discount basis, which must be altogther misleading to you, and which called for the letter I am now answering.

'I remain, sir,

'Your obedient servant,

'(Sgd.) F. GOURDEAU,

'*Deputy Minister of Marine and Fisheries.*'

'J. FRASER, Esq.,

'Auditor General, Ottawa.'

When you made that reimbursement did you speak to anybody about that?

A. No, sir.

Q. How was it that some few hours after the motion was made here you should know it?

A. I do not know.

By Mr. Taylor.

Q. I understood at the commencement of your examination you stated there was nothing said about profit you were to have on these purchases?

A. No.

Q. The Minister has read a letter just now stating that you were to purchase them and were to get the trade discount. What do you mean by the trade discount?

A. I cannot explain it beyond what I have told you. I explained it already but I will try and explain it again for your satisfaction. I bought the goods from the manufacturers and got the trade discount.

Q. But the trade discount—what is the meaning of trade discount?

A. The discount that the manufacturer allows the merchant who purchases the goods.

Q. You issue a price list?

A. It was not my price list.

Q. But you do issue a price list?

A. I do.

Q. And you give a trade discount to your customers from that list?

A. Yes.

Q. Do not the price lists given out by different merchants all over the country vary?

A. They do vary exceedingly.

Q. You are a purchaser of tire bolts?

A. Yes.

Q. Do you know what the trade discounts on tire bolts are?

A. No.

Q. Are they 75, 25, 15 and 10 to-day?

A. I believe they are very large. Of course you know more about it than I do, you are a manufacturer.

An Hon. MEMBER.—That will depend upon the combination.

A. It depends upon the combination.

By Mr. Taylor :

Q. Are the discounts on tire bolts, 75 25, 15, and 10 per cent?

A. I cannot tell you, they may be that, and they may be a hundred off if you like.

Q. Then because there is that discount on tire bolts, do you think you would be justified in putting on 75, 25, 15, and 10?

A. I did nothing of the kind, I simply invoiced these goods at net prices.

By Mr. Northrup :

Q. Is that your signature there (pointing to document)?

A. That is my signature.

Q. So that on the 23rd of May, 1905, this is addressed to Col. Gourdeau, Ottawa, Ont.:—

'DEAR SIR,—Enclosed I send you invoice of silverware, cutlery, &c. Please certify it and return to me, that I may pass the entry on these goods, and oblige,

'Yours truly,

B. J. COUGHLIN.'

A. That is my signature.

Q. And you yourself sent to the department your own invoice that you were charging a 5 per cent commission on?

A. No, I did not send my own invoice; I sent the invoice that I got from England.

Q. There is no doubt about that?

A. You have it there.

Q. You sent to the Department of Marine and Fisheries the invoice you got from England?

A. Yes, not the Department of Marine, but I left that with the Custom House.

Q. But I am talking about this letter to Col. Gourdeau?

A. The invoice in my books.

Q. This is drawn by yourself?

A. Yes, precisely so.

Q. This has the charge of 5 per cent commission?

A. Yes.

Q. And there is the sending of that letter?

A. No, I was requested to write that letter and I wrote it, but I never saw the invoices.

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Q. But it comes to this, that there is the sending of that letter signed by yourself?

A. Yes, but I did not see the invoices.

Q. How do you account for your clerk taking upon himself to charge that 5 per cent?

A. I look upon him as a responsible person, he has been 18 years in my office.

Q. How do you account for him charging 5 per cent? You knew the invoices were going to Ottawa; did you tell anybody how to make them up?

A. No.

Q. And the clerk off his own bat got up that invoice and charged 5 per cent commission?

A. Yes, sir.

Q. And although you signed the letter going to Ottawa, you never saw the invoices and did not know what was in them?

A. I did not.

Q. That is a careless way of doing business. Can you tell me now on what day you paid the $1,100 into the bank?

A. I have a memorandum, it was early in March, you have the letter there I wrote on the 10th of March.

Q. I have not the letter?

A. But it was read here.

Q. There could not be such a letter because here is a bank receipt?

A. What is the date of that?

Q. That is what I want to get at, the date? (Receipt produced.)

A. This is dated March 30th.

Q. That is an original receipt, that is not a copy.

A. You can get the date in my letter book. There are other letters, would you look at that bank receipt, they did not deposit that day, evidently, they did not deposit it at the time I signed it and handed it to them. That is the explanation of it.

Q. Did you send your own cheque to the department here?

A. No, sir; I got a cheque from Col. Gourdeau and wrote it there, in his office, and I said to him: 'This closes the transaction, and it will be the last that you will have with me.'

Q. Do you know what day that was?

A. The same day that I went to the Auditor General's office with Col. Gourdeau, I wrote that cheque in Col. Gourdeau's office and gave it to him.

Q. To whose order was it payable?

A. To the Receiver General.

Q. That will be on the 2nd or 3rd of March?

A. The 10th of March I wrote the letter.

Q. That was your second visit up here?

A. Yes.

Q. On the 10th of March you gave a cheque to Col. Gourdeau for $1,171 which was not received at the bank——

A. I do not know when the bank received it.

Q. But here is the original receipt?

A. That is not my receipt, that is the deposit receipt.

Q. Now, you are perfectly clear, Mr. Coughlin, that you paid that cheque to Mr. Gourdeau as early as the 10th of March?

A. Yes, that is my recollection of it.

Q. Did you know that the motion for papers before this Committee was made on the 30th March?

A. I did not know.

Q. You were not aware of that?

A. I am not aware of that.

By Mr. Brodeur :

Q. And the letter was the 10th of March?

A. You have heard the letter read before you.

By Mr. Northrup :

Q. I have not seen the letter?

A. It was read here. You have not read all my correspondence, gentlemen, in reference to this money.

The following bank deposit receipt, dated March 30, 1906, filed as Exhibit 2:—

BANK OF MONTREAL.

No. 2293.

Original for the Depositor.

BANK OF MONTREAL,

OTTAWA, March 30, 1906.

$1,171.87.

Received from B. J. Coughlin & Co. on account of Dominion steamers the sum of eleven hundred and seventy-one dollars and eighty-seven cents, which amount will appear at the Receiver General's with this bank.

Signed in triplicate,

G. HENSLEY,,

Pro-Manager.

Ent'd B.

By Mr. Northrup :

Q. You are wrong, your man says that letter does not refer to that?

A. Well, you have the letters there inclosing the cheque, and there are several letters there.

The CHAIRMAN.—The explanation may be that there are more than one letter of the same date.

A. There are several letters there.

By Mr. Sinclair :

Q. Was the cheque written in the office of the deputy minister?

A. It was.

Q. Would there be a letter written there?

A. No, but when I returned home I wrote the letter.

Q. You wrote the letter on the 10th of March?

A. I wrote a letter on the 10th of March, but the deputy minister had the cheque in his possession.

Mr. GEOFFRION.—There are two letters on March 26 and 29, in which, in one of these letters, he says: 'I enclose cheque for 5 per cent commission.'

Mr. NORTHRUP.—The point I have been trying to make all along is that the letter that accompanied the cheque of $166 is dated the 26th of March, and that the letter that sends the cheque for $1,171 was on the 29th of March, so that it was not on the 10th of March.

A. No, that is another letter.

Q. How do we account for this fact, that the witness says that on the 10th of March I handed to Col. Gourdeau a cheque?

A. That is a mistake—you have the correct date there.

Q. Then, testing your memory, speaking of a matter that took place on the 29th of March, as having been on the 10th. Just now you swore that you handed a cheque over to Col. Gourdeau on the 10th of March?

A. No, I did not. I said I thought you would find in the letter of the 10th of March.

APPENDIX No. 3

By Mr. Brodeur :

Q. On the 10th of March you sent a letter explaining the transaction?
A. Yes.

By Mr. Northrup :

Q. He told me several times that he gave the cheque to Col. Gourdeau on the 10th of March?

A. You are trying to confuse me, and I do not want to be confused about it. I did not say I handed it to Col. Gourdeau on the 10th of March; you have it there in that letter.

Q. I am pointing out that this man's memory is defective, that he says on the 10th of March I handed to Col. Gourdeau a cheque, and he kept it, and that I wrote a letter afterwards, and here is his own letter dated the 29th of March saying: 'Herewith we hand you our cheque.'

A. You are trying to confuse me; I did not refer to that cheque in that letter of the 10th of March, but I said that I wrote a letter on the 10th of March, and said that you will find it explained there.

By Mr. Geoffrion :

Q. There is a letter which has been read, of the 10th of March. You had better read it again, witness.

Letter reads as follows:—

March 10, 1906.

Colonel GOURDEAU,
Deputy Minister of Marine and Fisheries.

DEAR SIR,—Referring to the interview I had with you yesterday with regard to the price which we charged you for some silverware, chinaware, etc., which we supplied you with a year ago, I regret there should be any misunderstanding about the price, and the terms upon which we filled this order, but certainly you are labouring under a mistake as to my undertaking to do it on a commission basis. This, I could not do. What I did promise you to do was to order these goods of the best materials from the most reputable manufacturers in England with whom I am in connection, and as I was going to England at the time you placed the order with us, my promising to call upon the different manufacturers and select those goods myself, which I was able to do by going to Sheffield, and ordering the silverware; from there I went to Birmingham where I had the glassware manufactured, and from thence to Stoke-on-Trent, where I got the chinaware and earthenware made for you; those goods I bought at manufacturers' prices and charged you a minimum profit, and if you had bought those goods in this market you would have had to pay considerably more for them than I charged you with.

It was owing to my long connection with those manufacturers that they filled your order, as the quantity of each article in your order was so trifling it was not customary for those manufacturers to fill such orders, and it was only as a favour to me that they done so. Hence I repeat I supplied you those goods on the best terms. If I had charged you with the expense of purchasing those goods for you, I should have charged you a considerably larger amount for them, nevertheless, if you think I should not have charged you with this extra 5 per cent commission on the invoice price, I would be prepared to concede this item, rather than have you displeased with anything I supplied your department with. Again, I assure you that the trouble and expense that I had in getting those goods manufactured for you has left me little or no profit. Hoping to hear from you at your earliest convenience, and accepting this explanation,

I remain, yours truly.'

By Mr. Geffrion :

Q. That explains that 5 per cent question perfectly.

A. There is no handing a cheque there? You have it in this correspondence here.

By Mr. Northrup :

Q. This is not an original, but a copy? You say it is correct, the copy is produced by you, that on March 26th you sent a cheque for $166.26 in refund of your commission?

A. Yes. You had better read that letter, gentlemen.

Letter read by secretary as follows:—

MARCH 26, 1906.

Colonel GOURDEAU,

Deputy Minister Marine and Fisheries.

DEAR SIR,—Confirming our letter of the 10th instant, we herewith enclose you a cheque in favour of the Receiver General for $166.32, refund of commission, charged your department for purchases made for you last year, which we hope will be satisfactory to you.

This is in accordance with the interview the writer had with you lately. Kindly acknowledge receipt and oblige,

Yours truly.'

WITNESS.—He never acknowledged that but he telephoned me to come up again.

Q. Read the next letter?

Letter read by secretary as follows:—

March 29th, 1906.

Colonel GOURDEAU,

Deputy Minister of Marine and Fisheries.

DEAR SIR,—Herewith we hand you our cheque for $1,171.87 in settlement of disputed account, for goods supplied to your department, for the *Montcalm* and *Champlain*. Rather than prolong the controversy between us, as to the terms upon which these goods were bought from us, we again assert we never agreed to supply you with those goods on a commission basis, and we maintain it was a mistake on the part of one of our clerks charging a commission at the foot of our invoice, and we prefer to incur the loss rather than have you infer that we have overcharged you. We again assert we have not overcharged you, and we have reason to believe you have ascertained this fact for yourselves, you having made inquiries from other parties, and that you found our goods were charged you at less price, and most undoubtedly of a better quality, than what you could have purchased them elsewhere, besides their having been made especially for you and to your order, by leading manufacturers (those who could only supply you with these goods), it was owing to our connection with those firms, and to oblige us, they undertook to make the goods for you, as the quantity of each was small, no leading firm would undertake to supply you.

In conclusion, it is owing to the mistake of our clerk in charging you a commission, that we make you this allowance, the transaction leaves us at a considerable loss, but we prefer settling it in this way, as we do not wish to prolong this controversy.

We remain, yours truly,

By Mr. Stockton :

Q. I am a little confused from the evidence that the witness has given. I think, however, if the witness has made any mistakes or left us under a wrong impression, he ought to have the opportunity of explaining. I understood the witness to say that on his first visit to the department here, he paid back the 5 per cent commission of some $160 and some odd?

A. No, I agreed to pay it and sent them a cheque when I went home.

Q. I understood the witness to say then that he came to the department afterward?

A. I was asked to come.

Q. And he came, and when in the department here, he gave them another cheque?
A. Yes.
Q. Well, how does that correspond to that letter?
A. Well, it is the way that letter is written, but it amounts to the same thing.
Q. I understood you to say that a cheque was given you which you were to sign?
A. No, I got a cheque in the department, and I signed it and paid it up myself.
Q. You got it in the department?
A. In the department, yes.
Q. That letter does not seem to bear that out? Was it for $1,100?
A. Yes.

By Mr. Brodeur :

Q. On the 26th of March, 1906, you wrote stating: 'Herewith we inclose cheque?'
A. Well, it is a clerical error in writing.

By Mr. Stockton :

Q. I am confused this way, and I think we ought to be fair to the witness. The witness stated that he signed that cheque in the department?
A. Yes.
Q. And that was on the occasion of his second visit?
A. On the occasion of my second visit.
Q. I would like to ask the witness who was present when that cheque was signed?
A. Col. Gourdeau only.
Q. Was the Auditor General present?
A. No, he was not, but I had agreed with the Auditor General and Colonel Gourdeau to give that cheque.
Q. No, no, I am not asking that. Was the Auditor General present when the cheque was given to you to sign?
A. No, he had not a cheque and I went over to the department——
Q. Never mind that, just answer my question?
A. I answered it, he was not present.
Q. And if the cheque was given to you in the department and you signed it there, you have already said you signed it in the department, how is it that you wrote that letter on the 29th of March saying you had inclosed the cheqeu.
A. It was my way of writing; that was wrong.

By Mr. Brodeur :

Q. I understand that regarding the first cheque that was sent on the 26th of March, that on the 10th of March there is a letter which was sent to the department explaining the transaction, and on the 26th of March you enclose a cheque for 5 per cent commission, $166, and that on the 29th of March you gave your cheque for——
A. $1,100.

By Mr. Geoffrion :

Q. On the 26th March a letter is written, 'Confirming your letter of the 10th instant, we herewith inclose you a cheque.' Very well, that is for $166. On the 29th March, 'Herewith we hand you our cheque.'

The CHAIRMAN.—I think he explained that he took the cheque in to the officer in the department. But he wrote a letter to confirm what had taken place in the department.

The WITNESS.—That is exactly what took place.

By Mr. Northrup :

Q. The weakness of that theory is that the witness swore that the day he gave the cheque was on the second visit, the 10th March.
A. No, you are making a mistake. You have the correct date there.

By Mr. Stockton :

Q. If the witness has left a wrong impression upon our minds, let us get on. When was the date of your second visit to Ottawa to see about this matter?

A. 29th March. You have it in my letter here.

Q. It was the 29th March?

A. Yes.

Q. Then was it on the 29th March that you wrote the letter in Montreal saying that you had given the cheque as that copy states?

A. It was after I went home. I went home the same night.

Q. Then the date of that letter is the 29th March?

A. I cannot say that it was the 29th that I was here, but they have a record of it here in the office.

Q. I have not.

A. What was the date of the cheque?

Q. What hotel did you stop at?

A. At the Russell, I always stay there.

Q. You think it was the 29th March?

A. I think either the 29th or the 28th. You have it here.

Q. I want you to tell it?

A. Here is the cheque receipt from the Bank of Montreal (referring to exhibit). It was deposited on the 28th. I must have been here on the 28th.

By Mr. Maclean (Lunenburg) :

Q. The cheque was on the Bank of Montreal?

A. Yes. This is a receipt from the Bank of Montreal (producing exhibit) for the deposit. It is the deposit receipt.

By Mr. Northrup :

Q. How many visits did you make to Ottawa this spring, March and April, in connection with this account?

A. Two or three, I cannot tell you.

Q. Either two or three, you are not sure which?

A. No, I am not sure which.

Q. What was the date of your first visit?

A. I cannot tell you. On or about the time these letters were written.

Q. On or about what date?

A. You have them in the letters. You have taken possession of the letters.

Q. I ask you the date?

A. It would be about the last days in February, about that time.

Q. Whom did you see that time?

A. I saw Col. Gourdeau.

Q. The Auditor General?

A. No.

Q. On the first visit you only saw Col. Gourdeau?

A. Yes.

Q. When was your second visit?

A. The first week in March, I think.

Q. Whom did you see?

A. I saw Col. Gourdeau and the Auditor General.

Q. Was there any cheque given by you at that time?

A. None, only that one time.

Q. That was in the first week in March?

A. The first or second week in March.

Q. Remembering that time, that you saw Col. Gourdeau and the Auditor General —you went home and you then sent a letter?

A. I sent a letter, I think, on the 26th March, enclosing my cheque.

APPENDIX No. 3

Q. You are not answering my question.

A. I am answering your question. You are trying to confuse me. I say I am answering your question.

Q. You were here the first or second week in March?

A. Yes.

Q. You went home and then sent a letter to Ottawa?

A. I wrote on the 26th March.

Q. What did you inclose in it?

A. Cheque for $166.

Q. Did you come to Ottawa again after that?

A. I did, I was telephoned for.

Q. What date?

A. About the 28th or 29th.

Q. Would it have been the 30th?

A. I do not think so.

Q. Will you swear——

A. I will not swear anything.

Q. On the 28th or 29th or 30th you were telephoned to by whom?

A. Col. Gourdeau.

Q. And came to Ottawa?

A. Yes.

Q. And saw Col. Gourdeau?

A. Yes.

Q. What did you do?

A. Went immediately and interviewed the Auditor General.

Q. Then what?

A. They showed me the piece of paper demanding a return of $1,100; I said I did not agree to it, but rather than have my name mentioned in the public——

Q. Then what?

A. I sent them that cheque. This conversation took place in the Auditor General's office. The Auditor General had not a cheque, but Col. Gourdeau said he had one, so I went to his office and wrote it there.

Q. He got one?

A. Yes.

Q. That would be either the 28th, 29th or 30th?

A. I cannot tell you positively which.

Q. You went home that night?

A. Yes.

Q. When did you write?

A. The next day.

Q. Did you inclose a cheque?

A. The next day?

Q. Yes.

A. No.

Q. When you wrote in this letter, 'Inclosed cheque,' it was not true?

A. That is the way of writing a letter. You are impertinent to me. You are trying to confuse me and make me swear falsely.

By Mr. Brodeur :

Q. I think Mr. Northrup must be fair to the witness. The facts are he left the cheque and the next day he wrote the letter.

A. Confirming it.

By Mr. Northrup :

Q. (Reads.) 'Herewith we hand your our cheque for $1,100.' It was not accurate.

A. That is the way it was written.

Q. No cheque accompanied this letter. It is a fact that the cheque was here in Ottawa.

A. I am not a schoolmaster, that I come to tell you that.

Q. Tell me the facts?

A. You have the facts before you.

By Mr. McColl:

Q. Col. Gourdeau wanted you to write a letter so that he would have something to put on the file?

A. That was exactly what he did. I told him I would write a letter.

Q. You went home and wrote a letter?

A. I told him I would write a letter.

Mr. BARKER.—I think we should have the original papers here.

The WITNESS.—You have them.

Mr. BRODEUR.—As far as the department is concerned there is absolutely nothing to hide. I have no objection to having the letters produced immediately.

By Mr. Northrup :

Q. The order of the committee was for all accounts, vouchers, correspondence, papers and documents in connection with the items in the Auditor General's report, 1904-05, among others, B. J. Coghlin.

A. I will be prepared to give you all this information. I have it all here for you, gentlemen, the invoices and everything else.

By Mr. Piché :

Q. Will you tell me if the trade discount, as spoken of by Mr. Taylor, is always given to the retailer purchaser?

A. No, it is not given to the retailer, it is given to the jobber.

Q. In the trade?

A. Yes.

Q. So that even in Canada if the government had been purchasing goods subject to the trade discount, it would have been entitled to no such trade discount?

A. No, it would not.

Q. As to the goods that were purchased and charged in your account, were they ordered from the manufacturer in the government's name or in your own name?

A. In my own name.

Q. You were placing the order yourself?

A. Yes.

Q. In the regular course of trade?

A. Yes.

Q. Now the prices charged by the English manufacturer's invoice are net prices, as I understand?

A. My prices are net.

Q. The prices in the English invoices?

A. No, they are subject to discount.

Q. And the extension made on the net prices?

A. There is a discount taken off the various articles and there is a net extension on which I base my prices.

Q. For the government?

A. Yes.

Q. If the government had placed the order itself, would they have been entitled to these net prices?

A. No, not the discount at all. As a matter of fact none of these firms that I bought these goods from would supply the government.

Q. The goods are shipped to your name from England?

A. To me in Montreal, and I shipped them without opening them to Quebec.

Q. Can you tell us if the goods had been imported for the government if they would have been subject to any duty?

A. Oh, yes; they were not imported by the government, they were imported by me.

Q. You paid duty?

A. Yes.

Q. I suppose you are aware of the fact that if they were imported by the government for government use they would not have been subject to any duty?

A. I do not know. That is a matter of departmental business.

Q. Can you tell me what is the difference between the amount of your bill and the amount of the cost?

A. It left me a profit of about 20 per cent on the whole.

Q. And all expenses paid?

A. All expenses paid.

Q. Mostly all of these things are silverware and chinaware?

A. Nearly all of them.

Q. Of a high class?

A. The very best. The samples I have here have been 38 years in use.

Q. Can you tell us what the usual price charged by the retail trade on that class of goods is?

A. I do not know the retail prices, but I believe that silver ware in charged 100, and in some cases 200 per cent profit.

Q. So your contention is that, even at the prices you charged the government, they were doing a very fair business?

A. They have made a profit of about 50 per cent.

By Mr. Taylor :

Q. I understand from your answer to the last question that the government could not go to a wholesale house and buy the goods at jobber's prices?

A. No, sir; I did not say 'wholesale'—I say the manufacturers. These manufacturers I am speaking of would not supply the government.

Q. I understood you that the manufacturers would not supply goods at jobber's prices to the government?

A. Those I went to would not supply them.

Q. That is exclusively this one?

A. Yes.

Q. That does not apply to the manufacturers of Canada?

A. No, sir; I did not mean that.

By Mr. Zimmerman:

Q. I understand these goods were of a special character?

A. They were, they were specially manufactured.

Q. As a matter of fact you could not get prices on goods of this character?

A. I could not.

Q. You could not?

A. No.

Q. Is it not always customary where a special order of this character is given, to give the purchaser of these goods carte blanche to buy them?

A. I do not know it is always the case, but I would not have bought them under any other conditions, I could not have bought them, and the manufacturers could not have given me a price until they were manufactured.

Q. Could you say, or did you ever buy or fill an order of this character on the basis of 5 per cent profit?

A. Never.

Q. Did you ever hear of anybody else who did?

A. I did not.

Q. Practically compensation could not be given on that basis.

A. It could not be done. I would not have a roof on my office for one week doing business of that kind. It would not pay for the writing in the office.

Q. I have had some experience in purchasing goods for special order, and we always looked for and expected to get considerably more profit on account of the great trouble and difficulty; it is more of a nuisance than any profit you can make out of it. What would you consider, Mr. Coghlin, a reasonable compensation or profit for the trouble that you took in this matter?

A. 50 per cent, but I only charged about 30 or 31 per cent.

Q. That is, your original charge?

A. That is my original charge, and they got it back from me; they extracted it back from me under threatening of publicity before a committee.

Q. If you did not charge more than 30 per cent?

A. I did not charge more than 31.

Q. I would not consider that charge as any too much?

A. I only charged 31 per cent.

By Mr. Stockton:

Q. Did you have any samples delivered to you by the Minister?

A. No, sir; I showed him these samples.

Q. Is that solid or plated?

A. That is electro-plate on nickel silver.

Q. That is the style you were to supply?

A. That is the class of goods the department received.

Q. And is it the same way with all the other articles?

A. No, there are some that the Minister wanted for the crew which are not as good as that, but they were a small portion.

By Mr. Geoffrion:

Q. What price was charged for this sample (producing)?

A. $9 per dozen.

By Mr. Stockton:

Q. Do you mean to say that this pattern could not have been bought in Canada?

A. You could buy that pattern but you could not buy those goods; you could buy plated goods that are made in Canada but not of that quality.

Q. And they require something very superior in the government steamboat?

A. Well, I think they ought to have the best goods.

By Mr. Barker:

Q. The best goods made in Canada?

A. Oh, certainly, they have to get it.

By Mr. Stockton:

Q. Who called you up by telephone on the second occasion?

A. Col. Gourdeau.

Q. What did he say?

A. He said I would like to see you here to-morrow.

Q. Did he say what for?

A. Yes, he said Mr. Foster had put a notice on the files in the House inquiring into the purchase of these goods.

Q. Then it was in consequence of the notice on the files of the House that there was to be a call for the papers in connection with these purchases that the deputy minister called you to Ottawa?

A. I presume that was it.

Q. And it was after that notice was given and the investigation started you gave back that cheque for $1,100?

A. I cannot tell you when—yes, it would be two or three days afterwards.

Q. You say that the deputy minister told you that Mr. Foster had put a notice on the paper and that he wanted you to come to Ottawa?

A. That is my recollection.

By Mr. Brodeur:

Q. Just a word; when you bought the goods for the *Druid,* if we may judge by the letter which you received at the time, you were to have the trade discount ?

A. Yes.

Q. Well, I see by the same statement of account, some of the invoices here; take the case of John Rounds & Son, I see on page 1 of that account that the invoice was £15 and that the trade discount was 60 per cent.

A. Yes.

Q. Well, then, you would have been entitled to charge 50 per cent to the department?

A. 60 per cent, yes; but I did not charge that, only 31 per cent.

Q. And in that settlement that was made the other day you simply charged 5 per cent.

A. In that settlement that you have made you have only allowed me 5 per cent.

By Mr. Alcorn:

Q. Am I correct in understanding you to say that the result of the transaction between you and the government is that you sustained a loss?

A. Of course, $200.

Q. And that during the last year you had other transactions with the government which also resulted in a loss?

A. Of $8,000 on copper and pig lead.

Q. Have you still unsettled transactions with the government?

A. No, I settled with them by paying the loss.

Q. That is as to these transactions, but have you still other unsettled transactions with the government?

A. I have some orders, not filled yet.

Q. So that there will be moneys passing from the government to you in the future?

A. Yes, I suppose so.

Q. On present existing orders?

A. Yes.

Q. Have you taken any and what steps to rectify what you consider an error in this account?

A. I have demanded a refund of this money to me.

Q. You have demanded that?

A. Yes, and I trust that this committee will see the justice of my demand and have that money refunded to me.

Q. Have you taken litigation?

A. No, I have not.

Q. Nothing more than the claim?

A. Here is a copy of the claim. I will read it for you:—

April 9, 1906.

Colonel GOURDEAU,
Deputy Minister, Marine and Fisheries.

DEAR SIR,—On consideration of the disputed accounts between us for goods supplied for the *Montcalm* and *Champlain,* when I was in Ottawa lately, and meeting with you and the Auditor General, I gave you my cheque for $1,171.87, in error at your request, with the object of correcting an error in my invoice for goods supplied your department. This cheque should be only for $166.32, which represented commission charged you on those invoices of which I wrote you on March 26th. I have to request

your department to refund the difference between these two amounts, being a balance of $1,005.55.

Yours truly.'

Q. So that your present hope is——

A. That you will order that money to be refunded to me.

Q. Your present hope is that as a result of your demand, or of future transactions with the government you will get back your own.

A. I did not say that, I have not said that.

Q. What did you say?

A. I said I hope you will see the justice of my demand and have that money repaid me.

Q. You are hoping that the committee will see that justice is done?

A. Yes.

Q. But you have made certain demands upon the government?

A. I had to do it.

Q. You have present existing contracts between you and the government?

A. Yes.

Q. Is it your position that you trust that as a result of that request, or of these future dealings, that you will get back what is your own?

A. It is my trust in your honour that you will order that money to be repaid to me.

By Mr. Stockton :

Q. I wanted to call the witness's attention, I wanted to be perfectly fair with the witness, so that if there is any mistake he can make a rectification now.

A. You can do it, sir.

Q. I do not know the facts——

A. You have them all, I stated them as clearly as possible.

Q. I understood the witness to say that in the communication from the deputy minister it was stated that Mr. Foster had put his motion on the paper.

A. I think it was at the same time, but I am not positive about that.

Q. At all events he told you there was a motion on the paper?

A. I think he did.

Q. Then if the motion appeared on the paper on the 28th of March, and it was two days before, the 30th would be the date you made the payment?

A. I cannot tell you as to the exact date.

Q. You cannot?

A. No.

Q. But at all events you knew from what the deputy minister said that the motion had been made for the papers. When Col. Gourdeau said that, he told you when he called you up by telephone on the second occasion and asked you to come to Ottawa, that there was a motion for the papers?

A. I am not sure that he told me then, but I ascertained it when I came to Ottawa.

Q. What did you mean when you told me a few minutes ago that he did?

A. I am telling you now without checking my memory. He telephoned me that he wanted to see me here, and told me if I could not come up that day to come up the next day.

Q. Does your memory serve you that he made the statement over the telephone as to why he wanted you here?

A. My memory fails me, although he told me when I came up here.

Q. How long after you got information from the deputy minister did you come to Ottawa?

A. Two days afterwards.

Q. Two days afterwards?

A. Two days afterwards.

Q. Did you see the deputy minister as soon as you came to Ottawa?

A. I saw the deputy minister.

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Q. What was your conversation with the deputy minister as to investigation or the production of papers in the committee?

A. Nothing about it at all.

Q. There was nothing about it at all?

A. Nothing about it at all.

Q. Then you have no memory as to when he telephoned you as to anything having been said about it, or after you came, and yet a few moments ago, you told me you came in consequence of the deputy minister telling you Mr. Foster had moved the resolution about payments to you?

A. What I wish to tell you is——

Q. Well, does your memory——

A. Will you let me answer?

Q. Now, I say it is only fair to you, Mr. Coghlin, that you should explain that, because I am a little mystified by what you said?

A. One explanation I am giving to you all the time is that he telephoned me he wanted to see me here.

Q. But you do not know what he said it was for ?

A. I do not. I cannot recollect, but when I came up here I found out this inquiry was to be made.

Q. From whom did you find out?

A. From several people.

Q. Tell me one?

A. From some clerks in his office.

Q. In the deputy minister's office.

A. Yes.

Q. Who is the clerk?

A. Mr. Owens.

Q. Did you see anybody else?

A. Yes, I met Sir Frederick Borden.

Q. And then Sir Frederick Borden told you?

A. He said, 'What is the difference between you and Foster?' I said: 'There is no difference.' He did not tell me there was an inquiry.

Q. It was after you had this information from Sir Frederick Borden, and that information from the clerk in the office that you gave your cheque for $1,100?

A. Yes.

By Mr. Brodeur :

Q. Mr. Foster gave notice of the following motion on the 28th March: 'What amount of money was paid to B. J. Coghlin for supplies from the 1st of July, 1904, to the 31st of December, 1905.' Now, on the 3rd of March, the following letter had been sent by the Auditor General to the department: 'Mr. B. J. Coghlin called on me yesterday in reference to silverware purchased for the steamers *Montcalm* and *Champlain.*' You had then on the 3rd of March, got notice that there was some difficulty with regard to these accounts.

A. I did so.

Q. It was not Mr. Foster's motion of the 20th March which brought the department or the Auditor General to do something, because there had been already some steps taken in reference to that account long before that.

A. Long before that.

Q. Nearly a month before that?

A. A month before that.

By Mr. Ames :

Q. Up to the 28th March was it a question between you and the department of anything else except the 5 per cent commission?

A. Of course it was.

Q. Had you discussed that?
A. I had discussed it with the Auditor General before, about the 3rd of March.
Q. About the question of profit?
A. Yes, and which he took exception to.
Q. And had arrived at no special conclusion?
A. No.
Q. That matter was in suspense?
A. Yes.
Q. You thought on the 28th of March, when you sent the cheque for $166 that the matter was closed?
A. I did undoubtedly think it was closed. It should be closed then.

By Mr. Northrup :

Q. What train did you come to Ottawa on, on the 28th or 29th or 30th of March?
A. I think I came up by the Soo train, I missed the first train.
Q. You arrived here about what time?
A. I arrived here about half-past one.
Q. And you went to the Russell House and registered?
A. Yes.
Q. And had an extra friend for dinner?
A. I don't remember—I did not have an extra friend.
Q. Then they overcharged you?
A. Are you looking after my affairs?
Q. Were you at the Russell House at any other time about that time, within a week of that day?
A. I was.
Q. What other time within a week of that day?
A. Both before and after.
Q. You made five trips to Ottawa?
A. Three trips in relation to this business.
Q. Can you tell me how many days before this trip you were last at the Russell?
A. I cannot tell you.
Q. How many days afterwards?
A. No, I cannot tell you to a day.
Q. As a matter of fact you were there the evening of the 29th?
A. I do not know that. I think I went home on the 4 o'clock train.
Q. The day that you arrived by the Soo train?
A. I think I went home the same day; if not, the next day.
Q. You have no recollection of having a friend with you at dinner that night?
A. No.
Q. Are you perfectly clear you did not write that letter of the 29th March in Ottawa while here?
A. I did not.

By Mr. Geoffrion :

Q. Do you consider the matter closed with the department?
A. I consider that in justice to me they should refund that money.

By Mr. Maclean (Lunenburg) :

Q. How much do you want?
A. Eleven hundred dollars, the sum extracted from me by unfair means.

By the Chairman :

Q. Perhaps you might wish to add something to your evidence, if there is anything?
A. I will be very brief. I have for years and years been doing business with the government; when the Conservatives were in office I did a great deal more business with the government than at present.

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By Mr. Maclean (Lunenburg):

Q. And did not make any losses.

A. And I did not make any losses. Now, last year I had several transactions with different departments, and I have told you that I lost $8,000 by filling my contract. I did not beg to be excused, as I know contractors have done from time to time. During my long experience in doing business with the government I supplied all my contracts and have lost $8,000 last year by filling my contracts. And in this inquiry you are having now there is a loss of $140 on one small account, which I am prepared to prove.

Q. You had better quit dealing with the government?

A. I make some little profit on some other things. They are exacting upon me and I do not see what the reason is.

By Mr. Stockton :

Q. What are they exacting in?

A. They won't buy anything from me unless it is cheaper than from anybody else. I have got orders for tin and nickel and other things, I have to cut prices and divide my ordinary profits in order to get an order from them.

By Mr. Brodeur:

Q. You were not bound to do that under the Tory regime?

A. I was not.

By Mr. Northrup :

Q. You don't care to tell the committee with whom you divide the profit?

A. I don't divide the profits with anybody. I have nothing more to say than that I got more justice from the Tories than I did from the Liberals.

Committee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
June 15, 1906.

The Select Standing Committee on Public Accounts met this morning at 10.30, Mr. N. A. Belcourt presiding, and the committee proceeded to the further consideration of the accounts of B. J. Coghlin, et al.

Mr. P. J. O'BRIEN called and sworn, and examined

By Mr. Northrup :

Q. You are the storekeeper, I believe, at Quebec?

A. I am.

Q. In connection with the Department of Marine and Fisheries?

A. I am, sir.

Q. How long have you been in that position?

A. Since about 1902.

Q. What are your duties?

A. I have to receive the stores and deliver them.

Q. Are all the stores that come to the Marine Department in Quebec supposed to be receipted for by you?

A. No, sir; we keep a certain stock of stores on hand, a stock of stores such as chimneys, wicks, and burners.

Q. That is not the question I am asking. Are all goods received at Quebec for the Marine Department supposed to be received by you?

A. They are received by me, yes.

Q. That is your duty to check the goods that come to the Marine Department at Quebec?

A. To check the goods.

Q. And to check those going out?

A. Yes.

Q. You are held responsible, I suppose, for all stores that go to Quebec?

A. Yes, sir.

Q. I notice you have receipted for a number of goods, I see, that came to the *Montcalm* and *Champlain*, do you remember that silverware?

A. Yes, sir.

Q. There was quite an amount there. Do you remember how they came; they were boxed up, I suppose?

A. They came in cases and casks.

Q. What was done with the cases and casks when they arrived?

A. They were put into store ; I received instructions to store them carefully until they were needed.

Q. Did you happen to compare the inventory with the contents of each box at that time?

A. Yes, sir.

Q. When you received them?

A. Not when we received them.

Q. It was not at that time?

A. It was afterwards.

Q. What I asked you was, did you open the boxes and the cases and compare the entries in the invoices with the contents when they arrived?

A. No, sir.

By the Chairman :

Q. Are you speaking generally or particularly?

By Mr. Northrup :

Q. Only in connection with the *Montcalm* and *Champlain*. Did you open up the boxes on their arrival ?

A. Not just at the minute.

Q. Would you look at these accounts and see if there is anything that will refresh your memory ; I think we will find a shipping bill here somewhere ?

A. The exact number of cases I forget; I have an entry at home and I can tell you right off from that. The Auditor General could get that information, because it is in the account. The Auditor General checked over a number of cases himself; Mr. Fraser was down and checked a number of cases.

Q. To continue the story, when these goods were received, they were simply received by you and put into store at that time?

A. Exactly.

Q. Would that be about the month of January, 1905?

A. I could not say exactly.

Q. Looking back I see that is the date of the bill ?

A. That is the date of the invoice.

Q. It would be about that time?

A. About that time, yes.

Q. How long did these goods remain in store before they were touched again?

A. As far as my recollection serves it was about 10 or 11 months.

Q. That would be towards the close of last year?

A. Well, they were delivered in the spring, about—well in the month of March or April.

Q. This year?

A. Yes.

Q. What was the first thing that was done to those goods after they had been allowed to remain in store for some 10 or 12 months ?

A. We checked them off, Mr. Moffatt, the clerk for the agency, and myself checked the invoice to see that each article corresponded with the invoice, which they did, and then they were delivered aboard the two boats. Each of the captains made a further check and found everything correct.

Q. So that you are prepared to speak of your own personal knowledge that you checked the contents of those boxes with the invoices?

A. Yes.

Q. And you found everything there that should be there?

A. Yes, sir, everything was identical.

Q. Was that before or after the Auditor General was down?

A. I could not just say now, it was afterwards, I think.

Q. After the Auditor General was there?

A. Yes.

Q. Had the Auditor General come down and checked those goods before you did?

A. No, sir; he did not check all the items. He opened one of the boxes to see the contents.

Q. The Auditor General came down to count the boxes, is that it?

A. I do not say that he came down for that; he happened to be passing through Quebec and he was there.

Q. What he did was simply to count the number of boxes and to have one opened?

A. We had one or two opened, I think, three if my recollection serves me aright, the china, glassware and silverware.

Q. He checked them to see if the contents agreed with the invoice?

A. The Auditor General did not check them, he checked the number of boxes.

Q. So that the checking that was done was by you and Mr. Moffatt?

A. Yes, sir, and by the captains of the vessels afterwards.

Q. Did all these casks and barrels and cases arrive there at the same time?

A. Well, I cannot say about that, sir, but I believe so.

Q. Possibly some of them might have come at the beginning of the 10 or 12 months you speak of, and some might have turned up towards the close?

A. Oh, no; they came within a very short time, the railways might have delayed them.

Q. Practically they all came at the same time?

A. Practically, as far as I can remember, sir.

Q. Where did you get the invoice that you compared?

A. From the accountant's branch of our agency.

Q. From the accountant's branch of your agency at Ottawa or Quebec?

A. At Quebec, sir.

Q. I suppose you have no way now of identifying the invoices you checked over?

A. Yes, sir, the one I signed, I think.

Q. You signed every one ?

A. Yes, well, I think so. I signed every one, I think.

Q. When you speak of the contents of the boxes and the cases agreeing with the invoice, am I right when I understand you to mean that they agreed with the invoice put in at the time and the invoice you signed?

A. These invoices that I signed.

Q. Did you look at the Auditor General's report?

A. No, sir.

Q. You did not see every article charged there?

A. No.

Q. So that you are only speaking when you say that the invoices agreed with the contents of the boxes, of the articles in the invoices that you had?

A. The invoices that I checked over.

Q Whether or not they represented all the goods in the Auditor General's report, you do not know?

A. I know that the goods corresponded with the invoices I checked?

Q. But whether or not those invoices covered all the goods charged in the Auditor General's report you could not say?

A. I had nothing to do with it.

Q. Your memory is pretty clear that you signed all the invoices that you examined?

A. As far as I recollect, I generally signed three copies of each.

Q. You told us about the course of procedure when goods come to Quebec, how you received them and checked them when they went out. Would that apply to other goods, such as Brooks & Merwin supply?

A. If you name the goods I might possibly remember.

Q. You do not know the names of Brooks & Merwin?

A. No, sir.

Q. Do you know anything of a great many goods coming from Paris for the lighthouse lenses, &c.?

A. That comes under the lighthouse inspector.

Q. Would that come through your hands at all?

A. No, sir.

Q. Those goods that come from Paris, for example, and Germany, even if they were shipped to the Marine Department, Quebec, would not come under your charge?

A. No, sir.

Q. You would have nothing to do with that?

A. No, sir.

Q. Do you know of you own knowledge what the procedure is when these goods come, that is, who does get them?

A. The lighthouse inspector.

Q. Who is he?

A. Mr. O'Farrell.

Q. He is the party that would receive them?

A. Yes, sir.

Q. Are they stored in the same building as the goods you refer to?

A. Oh, yes; they are stored in the same building.

Q. But as I understand it, there would be two branches of the business, you look after a certain class and Mr. O'Farrell looks after the other class of goods.

A. They are all in the stores that I am storekeeper of, but I certainly checked the goods coming in to Mr. O'Farrell sometimes, but anything relating to the maintenance of lighthouses, or anything of that kind, he signs for them.

Q. Mr. O'Farrell will sign for anything that relates to the maintenance of lighthouses, you hand them over to him?

A. No, I do not sign at all, he puts them in store.

Q. You have nothing to do with them at all?

A. I keep the account of them.

Q. When goods are shipped from Germany or Paris in connection with the lighthouses or buoys, when they reach Quebec, would Mr. O'Farrell be the official that would receipt for them?

A. He generally receipts for them.

Q. To the shipping company or whoever lands them there?

A. Yes.

By the Chairman :

Q. Then it is a mere matter of convenience between the two of them.

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By Mr. Northrup :

Q. Does he then take a receipt from you, when he puts them into the storehouse or in part of the storehouse in charge of himself?

A. No, he puts them in the store, with all stores for the maintenance of lights; he exercised a certain supervision over the store.

Q. Yes, but do they come into your possession, do you give a receipt for them?

A. No, I enter them into my books and make another entry when I deliver them.

Q. That is what I was trying to get at. These goods that you speak of, that Mr. O'Farrell has charge of, would be entered the same as the other goods when received by you?

A. Exactly.

Q. And when they go out entry would be made?

A. To that effect in our books.

Q. So that if we wanted to know what supplies were received in Quebec for any part of the Marine and Fishery Department, would we find them in your books?

A. Oh, yes.

Q. And anything that goes out would be shown there?

A. Yes.

Q. Have you your books with you?

A. No, sir.

Q. Then I take it that the procedure is that when those would come into Canada for the lighthouse service they would be received by you, and entered out by you on Mr. O'Farrell's requisition?

A. On Mr. Gregory's orders.

Q. On Mr. Gregory's orders they would be handed over by you?

A. Yes.

.Q Where does Mr. O'Farrell come in at all?

A. He is the inspector of lighthouses.

Q. He inspects the lights after they are put up?

A. And any stores that is required for it, yes

Q. He sends in a requisition?

A Mr. Gregory has to give an order for the shipment of them.

Q. Your books would show all the goods that came into the stores at Quebec and went out?

A. Yes, sir.

Q. I am afraid I am at the end of my tether?

A. I might recollect if you mentioned the goods you are inquiring about.

Q. Do you remember any goods coming in from Brooks & Merwin, do you remember about those goods?

A. If you will mention the names of the goods, I might perhaps tell you.

Q. There are a number of submarine signal shore stations established at Quebec, Point Snell, Yarmouth, Beaver Island, Louisburg, and Chebucto Head, do you know anything about those?

A. That is out of our district, sir.

Q. If these goods for these stations came to Quebec, you would have received them, you told me?

A. Not for the Nova Scotia district, they would not come to me.

Q. What would become of them, if they came to Quebec?

A. Well, if they came into the stores, they might be shipped to Quebec in mistake for Nova Scotia and I might receive an order to forward them.

Q. Let us see if I understand you, there is no use bringing you back here unnecessarily. As I understand you all the goods of the Marine and Fisheries Department that come into Quebec are receipted for by you?

A. No, only those goods which go into the store.

Q. I am not referring to goods that go through, but to goods which come to Quebec and go into the storehouse, these are all received by you?

A. Yes.

Q. And when they go out the charge is made by you?

A. I make the entry.

Q. If I get hold of your books, I could tell about any stores anywhere along the line provided they passed through Quebec storehouse. Your books would show?

A. Any goods for the Quebec agency.

Q. Would any goods, I do not care where they are for, would they be shown?

A. They would not be shown in my books.

Q. Assuming that the goods went to Quebec, into the stores in Quebec, would you be the man that had a record of them?

A. If they were stored in Quebec, I would have a record of them.

Q. It would not make any difference how long they were stored there if they were landed and went into the possession of the Marine and Fisheries Department in Quebec, you would have a record?

A. I would have a record of them. I would have nothing dealing with that which did not go into the stores.

By the Chairman :

Q. The witness is only speaking of goods that go into the store?

By Mr. Northrup :

Q. I understand that goods shipped from the old country to Quebec and landed in Quebec, they are receipted for by somebody, but they are afterwards sent on to the lighthouses of Quebec or Nova Scotia. Some of them go to Quebec. Supposing they come off the Lake Erie or the Lake Champlain, and they are put into the store at Quebec, are you the man that would receive them there?

A. I am the man that would receive them, and I would ship them on if they would not be destined for our agency, but I would not put them in my books. I would have nothing to do with them.

Q. That is for the purposes of the Quebec agency?

A. Yes.

Q. Would there be an official, supposing the goods were landed at Quebec, and were intended for the lighthouse stations, for submarine work down the St. Lawrence, but they were landed at Quebec, we know that eventually they would be sent to their destination, but who would be the man there that would receipt for them?

A. The men that they were directed to.

Q. They would be directed to Jones, or Smith?

A. They might be directed for the use of the D.G.S. *Druid,* and I would have nothing whatever to do with them. They would be sent on board the *Druid* and the officers would sign the account.

Q. Can you tell me, in such a case as I speak of, lenses, illuminators, and signals of one kind and another, which are sent out from Germany and Paris, and they are shipped to Quebec, they are landed from the ship at Quebec, and are intended for the lighthouses down the St. Lawrence, for Nova Scotia and New Brunswick and all around.

By Mr. Foster :

Q. Do you receipt for anything that does not go into your stores for use in Quebec district?

A. No, sir.

By Mr. Northrup :

Q. I understand that part of it, but I am trying to find out who the individual is?

A. It will be whoever has charge of the different services, will receipt for the goods.

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Q. So that if one wanted to know who receipted for lenses or illuminators or anything of that kind, he would have first to find out which province or district, and who would be in charge, or would it be Mr. O'Farrell?

A. Mr. O'Farrell is the inspector of lights for the Quebec division.

Q. He is the inspector for all over Nova Scotia?

A. No, from Quebec to Belle Isle.

Q. Talking of these lighthouses, has all the receipts for these lighthouses to be signed by Mr. O'Farrell?

A. Yes.

By Mr. Foster :

Q. Is Cape Norman in your district?

A. Yes, sir.

Q. Mr. O'Farrell, as I understand it, has charge of everything in connection with the lighthouse keepers and the materials?

A. Yes.

Q. He takes the goods in and makes an entry when they go out.

A. Yes.

Q. With reference to the goods which are said to be shipped to Quebec, and which no doubt they are, if the goods are so shipped marked, for instance, for stations in Nova Scotia and New Brunswick, they are not taken into the stores at Quebec either by you or Mr. O'Farrell?

A. No, they are shipped direct to the agency of the Marine and Fisheries Department to which they belong.

Q. Immediately?

A. Yes.

Q. They are not opened in Quebec?

A. No, sir, not at all.

Q. They are shipped immediately to the point of destination?

A. Yes, sir.

Q. You do not handle them in any way, that is quite clear.

Witness discharged.

HOUSE OF COMMONS,
COMMITTEE ROOM, No. 32,
July 4, 1906.

The Select Standing Committee on Public Accounts met here to-day at 10 o'clock a.m., Mr. Geffrion in the chair, and resumed consideration of certain payments to Mr. B. J. Coghlin.

Mr. JOHN FRASER, Auditor General, recalled and further examined

By Mr. Brodeur:

Q. Mr. Fraser, you called the attention of the department to the amount that was paid in connection with the Coghlin affair?

A. Yes.

Q. Do you remember the date, at which the attention of the department was called to it?

A. I do not recollect very well. I think it would be some time about December or January last.

Q. Had that account been paid in the previous year?

A. Yes.

Q. In the previous year?

A. Yes, nearly a year before that, I imagine.

Q. Nearly a year before?

A. I think it was in January, 1905.

Q. How did you come to deal with the matter in the fiscal year 1905-6?

A. In compiling the accounts for the report, my attention was called to this account by the examiner, and I thought it was a pretty large bill of goods for that purpose, and I inquired of the department as to whether it was customary to supply vessels that were not carrying passengers with an outfit of that class.

Q. The account had been paid under your predecessors?

A. Yes.

Q. Was there any objection made by your predecessor to the payment of that account?

A. Not that I know of.

Q. There is no correspondence to show that there was any objection?

A. No.

Q. You brought the matter before the new Minister of Marine and Fisheries, Mr. Brodeur, did you?

A. Yes. I think the correspondence commenced before he became Minister of Marine and Fisheries.

Q. Yes, the first letter you sent was dated December 26, 1905?

A. Yes. After you had become Minister of Marine and Fisheries, I called your attention to it again.

Q. In February?

A. Yes.

Q. You brought that matter personally to my attention?

A. Yes.

Q. And the minister promised to look into the matter?

A. Yes.

Q. And what happened later on in connection with that account?

A. Well, I am a little rusty on the dates now. I did not expect to be examined on it and did not look it up. I had some business down at Quebec and I took the opportunity of calling at the Marine and Fisheries Agency there and saw the silver, and I was aboard the *Montcalm* too, saw a portion that belonged to the *Montcalm* on the steamer, and had a look at the quality of it. As far as I could judge myself, I satisfied myself in a rough way, without checking it, that the silver was there.

Q. Well, was there a suspicion ?

A. There was a report.

Q. Was there some report to you that the goods were not there?

A. There was a report that the goods were not on the steamer.

Q. A confidential report?

A. Confidential.

Q. You thought you would go down and see whether the goods were there?

A. That was one reason why I went aboard. I felt satisfied at that time and before I saw them that they were there, because Colonel Gourdeau went down some time before that to see about the matter himself, and I understood that the goods were there then, although the report that I had was that they were not aboard the vessel. That was true; they were not aboard the vessel at the time, they were in the warehouse.

Q. A charge was reported to you by somebody, some people, that the goods had not been delivered, and then you went down there?

A. Yes, the statement made to me was that the silverware was not aboard the steamer.

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Q. Was it before you wrote your first letter, of December 26?

A. Oh no, it was after that, I think—pretty sure it was after that.

Q. It was after that?

A. Yes. It could not have been very long after that, because it was in the early part of January that I was down at Quebec.

Q. At all events, you found out that the goods were there?

A. That the goods were there. Then, I obtained the invoices—the English invoices. I might say that we had inquired of the department, I think verbally, for the original invoices, the English invoices. The ones that were supplied us were made out by Coghlin himself, and I think it was explained in one of the letters there that the goods were purchased by Coghlin in England, because he could have obtained better prices. Then I wanted the English invoices, and they said they did not have them in the department, and I thought if they could not get them from Coghlin—something like that; I am only speaking from memory about that now—I obtained the English invoices myself on my way back from Quebec, and I had some conversations with Colonel Gourdeau about the matter, and eventually Mr. Coghlin came up one day, called on me and spoke about the reports and talk, and that sort of thing, that there were about the silverware, and he wanted to talk the matter over.

Q. Before you come to that part of the subject; was that investigation begun by the department and by yourself before the opening of the session?

A. Oh yes. It was in the early part of January. Colonel Gourdeau went down to investigate—at least, he called to see me one day and said he was going down to investigate himself, and wanted me to send somebody down with him, but I did not think it was necessary to send anybody along; he could investigate by himself. That was in the early part of January.

Q. The early part of January?

A. The early part of January, yes—I think the early part of January or the latter part of December; it was somewhere about that time, shortly before I was down. One of the objections that I have raised to the account was that item for commission that was charged. That was perhaps one of the first things that attracted my attention. I could not understand why they should purchase a bill of goods and allow a man commission for purchasing, and the explanation was given to me that Coghlin was purchasing the goods on the English market, I think, from the manufacturers, and owing to his business connections he was enabled to get a low price; at least, to get the manufacturers' price, and that he was allowed his commission for handling the goods.

Q. Well, were you not told by the department that the goods had been bought in the same way as former goods had been bought?

A. Yes.

Q. As the goods for the *Druid*, for example, had been bought?

A. Yes.

Q. And did the department communicate to you the conditions under which these goods were bought for the *Druid*?

A. No, I had not seen the correspondence in connection with the *Druid*.

Q. Had you not received a letter on April 4?

A. Oh yes, that was later on.

Q. A letter stating the following, quoting from the letter of May 27, 1902, with regards to the purchases for the *Druid* :—

> 'I have to request you to purchase the articles enumerated for the steamer *Druid*, allowing you the trade discount upon the price of the article.'

A. Yes. That was the first intimation that I had of the real arrangement under which the former articles were purchased, when I got that letter.

Q. In the month of January last you were told also that the goods were purchased in the same manner and through the same agent as bought the same goods for the *Druid* two years ago?

A. Yes, but in conversation, I understood that these were the actual cost prices.

Q. Without any trade discount?

A. Yes.

Q. Well, now, as it stands to-day, Mr. Coghlin has been in receipt only of five per cent for all his trouble in connection with these purchases, and he does not get any trade discount?

A. I do not know that he has got five per cent, even—I have forgotten now.

Q. Do you think it is less than five per cent?

A. I do not think he made anything out of the goods.

Q. You do not think he made anything out of the goods?

A. No, I think the way the settlement that was made with Coghlin was like this: the amount of the English invoices, $1,637.81, customs duties paid to Coghlin, $339.26; allowance for freight, $75—I have not the whole of the figures here; I think they are on the file. I made a memorandum of the amounts here after I had obtained that last letter, showing how the account would stand. And according to that arrangement, instead of the $1,173, I think, that Coglin refunded, I would say that he should have refunded only $370, because he did not get the benefit of the trade discount in that settlement at all.

Q. Not at all?

A. No.

Q. So that he did not get the amount to which he was entitled under that letter?

A. No.

Q. Do you think the amount he received is a fair one?

A. Well, it is fair so far as I am concerned; he did not get any more than he should—I mean by that.

Q. Do you think it is a fair thing for a merchant to receive only three or four per cent?

A. No, I do not think so.

Q. The country has not been the loser, then, in this?

A. No, they have not.

By Mr. Northrup :

Q. Thanks to this committee. The government got $300, and this committee got $1,170?

A. Well, the refund was made before the examination of the committee.

Q. Not until after the papers were moved for.

A. That might be.

Q. A telephone message was sent to Coghlin the day the papers were moved for.

The CHAIRMAN.—This discussion is irregular.

The WITNESS.—Mr. Chairman, perhaps it would be only fair for me to state that the minister was pressing to have this matter settled.

By Mr. Brodeur :

Q. Long before the session was opened were you not told by the minister that he was taking steps to get the money reimbursed?

A. Certainly

By Mr. Stockton :

Q. That would be the five per cent commission?

A. Well, I may say as far as any conversation I had with the minister was concerned, it was to have the account settled on a proper basis.

Q. He did not say whether it was commission or what it was?

A. No.

By Mr. Sinclair :

Q. You understood that you were to recover from Mr. Coghlin any money that he had received belonging to the government?

A. If he was overpaid. Until that last letter was produced, I did not have a very clear understanding as to what it was.

Q. And while you had that matter in hand and were pushing it, the committee took the business up?

A. Yes, it was during that time.

By Mr. Northrup :

Q. I see your letter here which opens the correspondence, on December 26, 1905,—just to refresh you memory :

(Reads) 'AUDIT OFFICE, OTTAWA, Dec. 26, 1905.

SIR,—I beg to bring to your notice the accounts rendered by Messrs. B. J. Coghlin & Co., for silverware, glassware, and other table furnishings to the amount of $3,492.79 for the steamers *Montcalm* and *Champlain*.

I should like to be informed of the advantage to the department of purchasing the articles in question through Messrs. Coghlin instead of direct from the trade.

I should also like to be informed if it is customary to equip these vessels, which are not passenger carrying vessels, with silverware, cutlery, &c., of such an expensive nature as that which appears in the accounts above referred to.

I am, Sir,
Your obedient servant,
(Signed) J. FRASER,

The Deputy Minister
of Marine and Fisheries.

And there is no reply to that in the Auditor General's Report?

A. The reply may have come after the report was printed. Whatever replies there are are on that file. (Referring to correspondence.)

Q. Now, we have the letters here. The answer to that is apparently on January 29. A month elapses before the department writes. Your letter was written on December 26, 1905. This is the reply :

(Reads) OTTAWA, January 29, 1906.

SIR,—In reply to your letter in regard to the purchase of silverware, &c., for the *Montcalm* and *Champlain*, I beg to say that these goods were purchased in the same manner and through the same agent as supplied similar goods for the steamer *Druid* some two years ago, and as I have already stated to you verbally, the then minister thought it was better to buy these articles from a wholesale firm in England through an agent who would be able to secure the trade discount and this was accordingly done.

I have requested Mr. Coghlin to call upon you on his next visit to Ottawa which I understand will be this week and he will be ready to give you any detailed explanation you may require in connection with this matter.

I am, sir,
Your obedient servant,
(Signed) F. GOURDEAU,
Deputy Minister of Marine and Fisheries.

The Auditor General,
Ottawa.

So that this letter to you of January 29, 1906, puts the matter on the ground that the minister thought it was better to buy these articles from a wholesale firm in England through an agent who would be able to secure the trade discount, which was accordingly done. Did you look back to the *Druid* and see whether the agent got those terms or the government ?

A. No, I did not think the vouchers in connection with the *Druid* were there.

Q. This letter speaks of some verbal communication. Did anybody—the deputy minister—give you to understand that the department was to get the benefit of that trade discount—the department or the agent?

A. My understanding was until that letter was written it was the government was to get the benefit.

Q. The government was to buy it through the agent in order to procure the discount?

A. That was my impression.

Q. You have this letter of January 29 from the deputy minister, putting it clearly enough that the government bought through Coghlin to save the discount?

A. Yes. You will find a later letter there from me asking them to be good enough to look up the previous accounts.

Q. I am going through the correspondence. So far, we have the deputy minister telling you these goods were bought in England on instructions from the minister to save the trade discount—to save it for the government?

A. Yes, that was my impression.

Q. Then, the next letter is on March 3,—it takes about a month for a letter to go through the rectangle.

(Reads)

AUDITOR GENERAL'S OFFICE,
OTTAWA, March 3, 1906.

SIR,—Mr. B. J. Coglin called on me yesterday in reference to the silverware, &c., purchased for the steamers *Montcalm* and *Champlain*.. He admitted that the arrangement was as stated by you, viz.: that he should purchase the goods from a wholesale house for your department and receive a commission of five per cent on the purchase. During the interview it became clear to me that the account rendered by him and which was paid by you, did not represent the prices obtained by him from the wholesale dealers but that a certain amount had been added for his own profit in addition to the five per cent commission.

I have now to request that you will obtain from him a refund of the amount overpaid, viz.: $1,396.87, made up as follows :

Amount paid for purchase of these goods	$1,637 81
Duty paid by Mr. Coghlin	339 26
	$1,977 07
Five per cent commission on above	98 85
	$2,075 92
Amount paid to B. J. Coghlin	3,472 79
Balance to be refunded	1,396 87

From this amount should be deducted whatever Mr. Coghlin paid for freight and any other necessary charges.

I am, sir,
Your obedient servant,
(Signed) J. FRASER,
Auditor General.

The Deputy Minister
of Marine and Fisheries.

This letter of March 3, signed by yourself, says that Coghlin had called on you yesterday, and in writing on the following day you say that he admitted that the arrangement was that he (Coghlin), should purchase goods from the wholesale house and receive a commission of five per cent?

A. Yes.

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Q. That was the effect of that interview?

A. Yes.

Q. Do you still adhere that Coghlin admitted he was to get five per cent?

A. Yes. I wrote it while it was fresh in my memory.

Q. That was a statement of the account, apparently a simple one, showing the amount which was wrongly paid. Did you see Coghlin again after that?

A. Yes, at the time that he made the refund.

Q. You only had one interview with him prior to the refund?

A. That was all, I think.

Q. Have you the date of the 'refund' interview?

A. No, I think it is on the file.

Q. Yes, on March 31. Then, we have Coghlin and the deputy minister, both telling you that he was to obtain five per cent on the purchase?

A. Yes.

Q. Now, the next thing I find here is on March 23, a letter from you to the deputy minister :

(Reads)

AUDITOR GENERAL'S OFFICE,
OTTAWA, March 23, 1906.

SIR,—As requested by you verbally, I inclose herewith the accounts for silverware, cutlery, &c., purchased through B. J. Coghlin & Co., in January, 1905, for the Dominion steamers *Champlain* and *Montcalm*.

Please return them as soon as you have completed your examination of the same.

I am, sir,
Your obedient servant,
(Signed) J. FRASER,
Auditor General.

The Deputy Minister
of Marine and Fisheries.

There is nothing, however, in that. And then we have on March 31, 1906, a letter to you from the deputy minister :

(Reads)

OTTAWA, March 31, 1906.

SIR,—I beg to append herewith the original account for silverware, &c., which I had applied for, for the purpose of examining carefully into the charges, as per minister's directions, and as it has always been my instructions that simply a commission should have been charged for the purchasing of these goods, I would not accept any other settlement from Mr. Coghlin under any other conditions, and this letter is accompanied by a deposit receipt for the sum of $1.171.82, which represents the overcharge as brought to our notice by your department.

I am, sir,
Your obedient servant,
(Signed) F. GOURDEAU,
Deputy Minister, Marine and Fisheries.'

J. FRASER, Esq.,
Auditor General.

So here is another letter of March 31, signed by Colonel Gourdeau, sending you deposit receipt for $1,171.82 and repeating what he himself had told you, and what Coghlin had told you, that what Coghlin was to get was simply a commission for the purchase of the goods.

A. Yes.

Q. That brings us down to March 31. Then on April 2, there is a letter signed by you—interesting, but apparently fruitless. It is written to the deputy minister :

(Reads) OTTAWA, April 2, 1906.

SIR,—I beg to acknowledge the receipt of your letter of the 31st ultimo with further reference to the accounts rendered by Mr. B. J. Coghlin for silverware, &c., for the steamers *Champlain* and *Montcalm*, in which you state that Mr. Coghlin has refunded $1,171.82, being the amount as ascertained by you, which he charged for these supplies in excess of the price agreed upon with the department.

With regard to this overcharge, which I presume, Mr. Coghlin has admitted on being shown the invoices deposited with the Customs Department, I desire to call your attention to your letter of January 29 last, in which you say these goods were purchased in the same manner and through the same agent that supplied similar goods for the steamer *Druid* some two years ago, and, as I have already stated to you verbally, the then minister thought it was better to buy these articles from a wholesale firm in England through an agent who would be able to secure the trade discount, and this was accordingly done.

I find on looking up this previous purchase, through Mr. Coghlin, to which you refer, that during the fiscal year 1902-3 two payments for silverware, &c., were made to Mr. Coghlin, one of $1,568.19 for the steamer *Druid* and one for $1,094.43 for the steamer *Lady Laurier*, and it seems to me, in view of Mr. Coghlin's breach of contract as evidenced by the refund he has now made, it is necessary that these accounts be re-examined and compared with the English invoices forwarded to Mr. Coghlin.

Please let me know if you will have this done immediately. An investigation into the whole transactions of Mr. Coghlin with the department may be necessary.

I am, sir,
Your obedient servant,
(Signed) J. FRASER,
Auditor General.'

That was written by you to the deputy minister on April 2. Are you aware of any investigation into the purchases of the *Druid* and *Lady Laurier* supplies?

A. No. I received a letter in reply to that. I think it is on the file there.

Q. Yes. Have you heard of any investigation into the purchase of the supplies for the *Druid* or *Lady Laurier* as suggested by you?

A. No.

Q. I don't suppose you have. Here is an answer to that letter, dated April 4 :

(Reads) OTTAWA, April 4, 1906

SIR,—In answer to your letter of the 2nd instant with further reference to the accounts rendered by Mr. B. J. Coghlin, I may tell you that after examining the file, where the order for silverware, &c., was given for the steamer *Druid*, I regret to say that I was entirely wrong and here are the exact conditions, as per letter dated May 27, 1902 :

'I have to request you to purchase the articles enumerated for the steamer *Druid*, allowing you the trade discount upon the prices of the articles.'

I regret having made the statement that it was on a five per cent discount basis, which must have been altogether misleading to you, and which called for the letter I am now answering.

I am, Sir,
Your obedient servant,
(Signed) F. GOURDEAU,
Deputy Minister, Marine and Fisheries.'

J. FRASER, Esq.,
Auditor General.

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So, first we have the correspondence; Gourdeau verbally told you it is five per cent Coghlin was to get, then Coghlin repeats it was five per cent, and then Gourdeau writes over his own signature that was five per cent, and then you insist upon the accounts paid and rendered being examined, and then this letter comes saying it is all wrong and that the trade discount was to be allowed for the benefit of the purchasing agent?

A. Yes.

Q. And as far as you know there has been no investigation since as to the *Lady Laurier*?

A. No, that letter satisfied me that there was no necessity to go back of it in regard to these other accounts, because that was the first documentary evidence I had of the contract.

Q. Apparently, this letter had been forgotten by both Gourdeau and Coghlin, hadn't it? Because they both told you that the *Montcalm* and *Champlain* purchases were on a five per cent basis?

A. Evidently, from the correspondence.

Q. Did you receive any letters—I do not see any letter on the files here—did you see any letter proving, showing in any way that Coghlin had to buy for the *Montcalm* and *Champlain* on the same terms that he bought for the *Druid*?

A. No.

Q. This letter comes in at the finish, giving what the terms of the *Druid* purchases were and saying that the *Champlain* and *Montcalm* were to be the same, and no evidence was given to show that to you?

A. No. I think my recollection is that Colonel Gourdeau mentioned possibly on every occasion that the terms were the same as under the previous arrangement, and then mentioned the arrangement to me, without mentioning it in the same form as it is in that letter.

Q. You told us the first invoices that came were made on Coghlin's form?

A. Yes.

Q. I find on the file here double invoices, one set made by Coghlin, apparently, and the others made by English firms, and they do not agree at all as to prices?

A. No.

Q. Do you know where these English invoices came from—who got them in this country?

A. When?

Q. Got them in order that they might be put on this file?

A. I did.

Q. From whence did you get them?

A. Perhaps the committee will permit me to say that I should not like upon all occasions to tell where I get information.

Q. I do not wish to press it. The point is, Coghlin had sent you invoices that did not profess to be English invoices at all.

A. Those upon which the accounts were paid were Coghlin's invoices.

Q. They were Coghlin's own invoices?

A. They were on his own paper.

Q. Then you asked for the original invoices?

A. Yes.

Q. Did you ask Coghlin?

A. No.

Q. Did you ask the Department of Marine and Fisheries?

A. Yes.

Q. Did they get them for you?

A. No.

Q. You asked the department to get the original invoices, and they did not get them?

A. No.

Q. In some way you got them for yourself?

A. Yes.

Q. Outside the Department of Marine and Fisheries altogether?

A. Oh yes.

Q. And when you got the original invoices you found they differed greatly from Coghlin's?

A. Yes.

Q. You went down to Quebec to see these goods, because of the rumours you had heard?

A. I had some other business in Quebec.

Q. You went on board the boat?

A. Yes.

Q. As a fact, do you know of your own knowledge that Ottawa was full of rumours of that kind, that these goods were not aboard the boat, but had been brought to Ottawa. Did you hear it from different sources?

A. Perhaps not at that time. I have heard a good deal since.

Q. At that time did you hear it from more than one source?

A. I do not recollect. I did not pay much attention to it except from one source.

Q. You would not swear that you did not hear it from different sources?

A. No, I would not swear.

Q. At all events, you heard it from at least one source, and would not say that you did not hear it from different sources, that these goods did not go on board the vessel but had been brought to officials' houses in Ottawa?

A. I did not hear what had become of the goods. All that I am positive about, is that I was told that the goods were not aboard the vessel.

Q. Do you remember hearing the rumour subsequently that the goods had not been taken on board?

A. Well, possibly. I hear a great deal. Sometimes it does not amount to anything.

Q. Of course I know nothing about that. I have certain information; my information may be all wrong. I am asking you, did you hear from a different source that the goods had not gone on board at all?

A. Well, I have not burdened my memory with it at all, and I may say that particularly since the Public Accounts Committee commenced sitting, I have heard so many things that——

Q. You have heard so many things of that kind, that one more or less would not impress you?

A. There is a great deal of talk.

Q. About that sort of thing?

A. And a good deal of it reaches me.

Q. We will not spend time over that. Then you did go to Quebec and went on board the *Montcalm*?

A. Yes.

Q. You saw the goods, or some of the goods, purchased, on board?

A. Yes.

Q. Where were these goods on board the ship?

A. Some of them were on a sideboard, and the greater portion of them in one of the state rooms.

Q. Some on a sideboard and the greater portion in one of the state rooms?—taken out of the boxes?

A. Out of the boxes—unpacked.

Q. How were they in the state room—piled up there?

A. Yes. The captain did not have very much accommodation for them until he got some place fixed up.

Q. So much silverware bought, there was no place to put it?

A. I suppose they had not made provisions for it in the ordinary place.

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Q. They had not made provision in the ordinary place. Perhaps there was no ordinary place for so much silverware?

A. Certainly the original provision was not made for such a large quantity.

Q. The boat had not been provided with conveniences to carry that large quantity of silverware?

A. No.

Q. Some was in a sideboard and a lot was in the captain's state room.

A. In a state room.

Q. Was there any other portion of the boxes to be opened?

A. Not on the steamer. I think the captain had checked over all that belonged to the *Montcalm* and had given his receipt for it.

Q. The captain had checked all that belonged to the *Montcalm* and given his receipt?

A. When the agent handed it over he checked it off and took his receipt for it, he held him personally responsible.

Q. Did that receipt come to the department?

A. No, that was between the captain and the agent.

Q. You do not know that the receipt agreed with the invoices, or was the receipt merely for so many goods?

A. No, I did not inquire particularly into that. The captain made known to me that he had given a receipt and that he was to be held personally responsible for it.

Q. This point is clear, that you cannot say that the receipt the captain gave was a receipt for the goods called for by the invoices.

A. I feel fairly well satisfied.

Q. I am speaking of your own knowledge æ

A. No, I did not check the goods over. I did not go for the purpose of checking them.

Q. You went aboard only to see that the goods charged for the *Montcalm* were on board?

A. Oh no, I did not check them, but I feel fairly certain that they were on board.

Q. You think they were?

A. Yes.

Q. How could you tell?

A. It is only generally speaking. I am only speaking generally.

Q. There was a lot of silverware, and you took it for granted?

A. Yes, and I saw a great many of the more expensive pieces. The captain was showing me the various articles.

Q. As a practical man, you saw the boat and the purpose for which it was used, and the silverware. Do you think that that silverware was a reasonable purchase for that boat—that quantity?

A. No, I think as I thought at the time the letter was written—however, I am not a judge the requirements of any of them might be.

Q. It is not a passenger boat?

A. It was not a passenger boat then. I understood she was for crushing ice—an ice-breaker.

Q. Do you know how long that silver had been lying in Quebec before being put on board the boat at all?

A. It must have been nearly a year, I should think.

Q. Had been lying in store in Quebec nearly a year?

A. This was January, 1906, and I think it was there from January or February, 1905.

Q. Then, did you see the other boat, the *Champlain* while there?

A. No.

Q. Did not see it at all?

A. No.

Q. You do not know anything about the silver that went on that boat?
A. It was still in the boxes.
Q. Where?
A. In the Marine and Fisheries agency.
Q. Had not gone on board yet?

By Mr. Foster :

Q. How long had the *Champlain* silver been there?
A. It all went there together, I believe.

By Mr. Northrup :

Q. I suppose you do not know anything about the number of boxes in which these goods came over from the old country.
A. I have forgotten, but I think there were eleven or twelve cases.
Q. But did you notice if the boxes called for by the invoices corresponded with the number shown on the bills of lading from the railway from Montreal to Quebec?
A. I think the number of cases that Coghlin's invoices called for were there. I would not be positive, but I think I counted the number of cases—some hogsheads and boxes. Some of them were opened and some were not, and boxes get smashed up.
Q. You counted the cases in Quebec?
A. Yes.
Q. Although the silverware had been all taken on board the empty boxes were there?
A. The empty boxes were in the warehouse where the goods had been taken out.
Q. Were they just taken out before you arrived?
A. Not just as I arrived. I presume they were taken out at the time Colonel Gourdeau was down.
Q. So that as far as you know, the goods were left in the warehouse until Colonel Gourdeau went down and then taken on board the ship?
A. I think so, or afterwards.
Q. What evidence was given to you, Mr. Fraser, to show that Coghlin paid the duty?
A. These invoices show it there.
Q. The invoices show he paid the duty?
A. Yes.
Q. You mean his invoices show it? He charged duty.
A. The English invoices there show.
Q. Did you inquire if any refund had been made?
A. Refund made to Coghlin?
Q. Did you inquire to see if any refund had been made on these goods? It would be unprecedented if the goods bought for the government paid duty.
A. I did inquire if there was a refund of the duty.
Q. You did inquire?
A. Yes.
Q. Did you find there was any refund?
A. I was informed by the Customs Department that there was no refund made.
Q. In all your experience, do you know of any such case in which goods were bought by an agent for the government and duty paid?
A. Oh I do not know, there might be.
Q. Do you remember any such case—we have had a great many cases here—do you remember any case in which an agent was instructed to buy goods for the government and then pay duty on these goods brought in for the government?
A. Well, I would not know if the duty is paid or not.
Q. I am asking if in all your experience you know of another case in which an agent appointed to buy goods for the government paid charges on those goods?
A. I think so. I think I have made inquiries sometimes in cases.

Q. And found that an agent appointed—I am not referring to goods bought and afterwards sold to the government?

A. When you speak about an agent——

Q. There is no dispute that Coghlin was instructed to buy these goods for the government—the only question is the terms—but that he bought these goods for the government is admitted. Do you know of any other case in which a man appointed to buy specific goods for the government paid duty on those goods?

A. No, I cannot say I do, where he acted as an agent.

By Mr. Brodeur :

Q. You have stated, Mr. Fraser, that the goods cannot be put in a place suitable on the boat?

A. Not at that time, there was no suitable convenience there.

Q. Was the boat running then?

A. Yes.

Q. And that silverware was not used by the sailors then?

A. Used by the sailors?

Q. Yes, or used by the crew?

A. Oh, I think not.

Q. It was not?

A. Oh no.

Q. They were put in a separate place to be used when required?

A. I understood they were to be used on some special occasions.

Q. When strangers came on the boat?

A. Yes.

Q. Like the Governor General for example?

A. Yes, I certainly should not think they were to be used by the crew.

Q. So you would not say, Mr. Fraser, that the boat had not the necessary rooms in which to put that silverware; you would not say that?

A. Well, the state room I do not think was intended to keep the silverware in.

Q. But those goods were locked in there?

A. Oh, they were locked in the state room certainly.

By Mr. Taylor :

Q. I understood you to say in your evidence that you received some communication to the effect that the goods were not on board. I understood you also to say that when you received that communication they were not on board, but that they were on board when you went down?

A. Yes.

Q. How long was it between the time that you received that communication and the date you went down?

A. Well, it would be some time between the date of that letter of mine, December 23, I think, and, I forget exactly when I went down, but it was somewhere about January 6 or 8. I am not very good on dates.

Q. I understand you to say that Colonel Gourdeau preceded you down there, a few days before you went?

A. Yes, some little time before.

Q. Where did you find the goods when you went down?

A. Some of them were on board the steamer and those belonging to the *Champlain* were in the storehouse.

Q. They were in cases in the storehouse?

A. In cases, yes.

Q. How were they addressed?

A. 'B.J.C., Montreal.'

Q. Had they been shipped to Montreal and then shipped back to Quebec?

A. Yes.

Q. And they were in the original cases addressed 'B.J.C., Montreal'?

A. Yes.

Q. Where did you find the goods on the vessel, the goods belonging to the *Montcalm*?

A. They were some of them in the sideboard and some of them in the state room.

Q. They had been unpacked and some of them put in the sideboard and some of them in the state room?

A. Yes.

Q. There was plenty accommodation on the *Montcalm* for storing this valuable stuff was there?

A. Well, that is accommodation——

Q. That is in the sideboards to hold them, without interfering with the ordinary—

A. No, not in the sideboard, but between the sideboard and the state room there was room enough.

Q. Did the captain inform you how long they had been on board?

A. I suppose he did, I am pretty sure he did, it was only a short time.

Q. It was only a few days before you arrived there that they had been placed on board?

A. Yes.

Q. How long had they been lying in the warehouse before that?

A. It must have been some 10 or 12 months.

Q. For some 10 or 12 months they had been lying in the warehouse?

A. Yes.

Q. And the goods had previously been shipped to Montreal and then shipped back to Quebec?

A. Yes, they were 'entered' at Montreal.

By Mr. Brodeur :

Q. Are you aware that the boat had been under repairs between the time the goods were purchased and the time you went down there?

A. Yes, I think she was under repair for some time from the injury she received in the ice.

Q. Were you not told by Colonel Gourdeau that the goods had not been put on the boat at first, because the boat was undergoing repairs and it would not be safe to put them there, and that they were kept in the store of the department at Quebec?

A. Yes, Colonel Gourdeau told me that.

By Mr. Taylor :

Q. Was the boat under repairs for 10 months?

A. I do not know.

Q. Do you know, as a matter of fact, that Mr. Coghlin paid the duty at Montreal on those goods?

A. Yes, there is the collector of custom's receipt there.

Q. For the amount?

A. Yes.

Q. Then you do not know whether on account of the goods being for the government, he was paid back, refunded the duty or not?

A. I say I think he was not. I was informed he was not.

Q. By whom?

A. By some of the customs officials. There is a small rebate there where there was an overcharge, I think, of $3 or $4.

By Mr. Sinclair :

Q. Mr. Zimmerman made a statement that 30 per cent was not an unusual commission for a merchant when purchasing goods wholesale and selling them to a custo-

mer, what do you say about that? Mr. Coghlin has made a statement in evidence to that effect. Is that correct in your experience?

A. Oh, I do not know, I have not been dealing with merchants.

Q. Is it usual for a merchant to be satisfied with 5 per cent on the wholesale prices?

A. Well, I would not think so.

Q. In your experience, do you know of any other cases, where the government purchased goods from a merchant and paid him with 5 per cent commission, the merchant having bought them at wholesale prices?

A. I do not know of any.

Q. Mr. Coghlin had connections in England by which he was able to purchase these goods at the very best prices, that is what he said and we will assume he is telling us the truth. Now, he sold them to the government and the government expected to pay him with 5 per cent commission, that is the way you understand it, is it not?

A. That is the way I was informed; I do not understand it so now when I see the correspondence.

Q. You do not understand it that way now?

A. No, I understand from the correspondence I see there now, that he was to receive the trade discount.

Q. In all your experience you do not know of any other case where the government paid 5 per cent commission only?

A. No, I do not know of one.

By Mr. Barker:

Q. Do you understand this case, as it has just been put, that Mr. Coghlin bought these goods of a wholesale merchant and then sold them to the government? Was that the transaction as you understand it?

A. I think that is the situation now.

Q. So that Mr. Coghlin bought these goods on his own behalf, and that having these, his own goods, he sold them to the government—was that the transaction?

A. No, I would hardly say that was the transaction.

Q. That was the case that was put to you? Was it not the fact that Mr. Coghlin was instructed to buy these goods for the government? Have you not put it that way yourself over and over again?

A. That was what I was told. I may say——

Q. Is there not a very great difference between a man buying goods, and selling them again, taking his chance of selling them, and a man who is simply instructed to buy for another?

A. I do not know what the arrangement was, except as shown in that last correspondence there, that it was to be the same as on previous occasions.

Q. As a man of business, as an auditor must be, do you not know there is a very great distinction in the two cases? In the one case a merchant bought goods for himself and took the chances of a purchaser afterwards, of selling them to the government, or anybody else, and in the other case of a man buying when the agent of another?

A. Yes, certainly.

Q. The commission would not be the same in the two cases, would it?

A. I did not understand he was buying them for himself.

Q. When you heard there was something suspicious about these goods, some rumours, you heard, did you communicate them to anybody—those rumours?

A. Yes.

Q. To whom did you communicate them?

A. I would prefer not to answer that.

Q. You prefer not to answer that, and you an officer of the government?

A. I do not want to be misunderstood here, Mr. Barker. If you will allow me to make a little statement now I will make myself clear. I find it useful in performing

my duties to have free communications with the heads of departments. I sometimes hear rumours, and I would like to be always in the position of giving a minister any information that I think he should have. I do not think it would be well for me to be in a position to have to say what those rumours were.

Q. I am not asking you anything about rumours. I ask you, and I want you to pay particular attention to my question, after you heard of those rumours, I do not care how you heard them, did you communicate them to anybody?

A. I did—to a member of the government.

Q. Did you communicate them to anybody else than a member of the government?

A. Well, it would be, I suppose, to one of my own officers.

Q. But outside of your own office?

A. No, not outside my own office at all.

Q. You may have spoken to your own officers?

A. We talk very freely about the work in the office.

Q. I suppose there is no secret that you communicated it to the Minister of Marine?

A. There was no Minister of Marine at that time.

Q. Who was the acting minister?

A. The Premier.

Q. Then I presume you communuicated it to him; is that the case? I think you ought to have done so?

A. I did.

Q. Did you communicate it to the deputy minister, the acting officer in the department?

A. I do not recollect having done so. I have some recollection that the deputy minister mentioned it to me.

Q. The deputy minister spoke to you of these rumours as if he had heard of them?

A. Yes.

Q. Did he speak to you of the rumours that you had communicated, that is of rumours communicated by you to the acting minister?

A. No.

Q. How did he profess to have heard of those rumours?

A. I do not know.

Q. Did he give you to understand that he knew you had been asking some questions about it?

A. No, I do not think so. Except——

Q. What did he tell you?

A. Well, as far as I recollect he stated that he had heard somebody say that these goods were not aboard the vessel.

Q. Yes?

A. And that he was going down to Quebec to investigate, and asked me to accompany him.

Q. That he was going down to Quebec to investigate?

A. Yes.

Q. How long was that after you had made communication to the acting minister?

A. I do not know.

Q. Was it shortly after?

A. It could not have been long, well the whole transaction was within two or three weeks, I suppose.

Q. It would be shortly after, it was not before you had made communication to the acting minister ?

A. No.

Q. Then it was shortly after, probably. And he suggested that you should go down with him?

A. Or somebody from the office.

Q. He was willing you should go for the purpose of inspection?
A. Yes.
Q. And you did not find it convenient to go, or you did not go.
A. No, I did not go then.
Q. When you did go down, did you ask if the deputy minister had been there?
A. Oh, I knew he had been there.
Q. How did you know?
A. He told me after he came back, he said he had been down there and examined the goods and found everything satisfactory.
Q. He had found things satisfactory. In what way did he tell you he had found things satisfactory?
A. Well, that he had seen the goods there, that they were in the warehouse.

By the Chairman :

Q. Was it the deputy minister himself asked you to go with him?
A. Yes.

By Mr. Barker :

Q. He said he found the things in the warehouse, all of them?
A. Well, I presume so, I do not know that we spoke about any particular part of it.
Q. He did not speak of any having been unpacked and put on board the vessel?
A. No, I think he told me they opened the cases while he was there.
Q. That they opened the cases while he was there? Well, you went down then, shortly after?
A. Yes.
Q. Within a few weeks?
A. Yes, I have forgotten the exact date.
Q. Did you take a list of the articles with you?
A. I think I had the invoices with me.
Q. You think you had?
A. Yes, I think so.
Q. You are not quite sure about that?
A. No, I would not be positive, but I imagine I had them.
Q. There were a large number of articles?
A. Yes.
Q. Would you undertake, Mr. Fraser, to take this long list of articles, and without checking them, say whether all those articles were on board the ship or not?
A. Oh no, I would not say positively, one way or the other.
Q. The captain showed you some of the larger pieces?
A. Yes.
Q. And they corresponded as far as you could see with what was in your mind, with what had been bought?
A. Yes.
Q. But you did not go through the list?
A. I did not go for that purpose.
Q. You did not make any sort of check of all these articles?
A. No, I did not go for the purpose of checking them at all.
Q. Having heard there was something wrong about this, do you not think it would have been wise to have had the checking done while you were there?
A. No, I do not think so.
Q. You were satisfied with what Mr. Gourdeau had said?
A. No, not that alone, I had a conversation with the other officials down there in a general way.
Q. With whom did you have conversations there?
A. With the agent, and with——

Q. What do you call the agent, who is he?

A. Mr. J. U. Gregory. But first I had seen the accountant and the storekeeper.

Q. Who is the storekeeper?

A. Mr. O'Brien, I think, is his name, he was up here.

Q. Has he been examined?

A. Yes.

Q. Who is the accountant?

A. I cannot think of his name, just now,—Mr. Mailloux.

Q. What did they tell you that satisfied your mind?

A. Well, they told me, they gave me the date of the arrival of the goods there.

Q. About a year before?

A. Yes.

Q. Did they say how many cases?

A. Yes.

Q. Do you recollect how many?

A. I have forgotten, I could tell from the papers there, it was eleven or twelve cases.

Q. Can you tell now from recollection what number of cases they told you were there and that the number corresponded with the papers, the invoices?

A. Yes, with Mr. Coghlin's invoice.

Q. It corresponded with Mr. Coghlin's invoice?

A. Yes.

Q. The number of cases called for by Coghlin's invoices agreed with what they said they received there?

A. Yes.

Q. You were quite sure about that?

A. Yes.

Q. I do not want any mere guessing, you are giving evidence?

A. Now, perhaps it may be clearer, I have a pretty good idea what you are asking for. You have reference to those English invoices, there is one case more on those than what Mr. Coghlin charged us for.

Q. There is one case more on the English invoices than Mr. Coghlin charged the government for?

A. Yes.

Q. Can you explain how that happened?

A. Now, Mr. Coghlin stated here that it was for his own purposes. He was questioned here as to what became of that other box and he said those were goods for his own use.

Q. Did he say the nature of those goods?

A. Well, there was silverware; it states in the account there.

Q. Silverware of the same character that was sold to the government?

A. I presume it was of the same character.

Q. Did you investigate that at all?

A. No—we did not pay for it.

Q. As far as you know?

A. No. Well, what we paid for were the goods on Mr. Coghlin's invoice.

Q. Did you check carefully the English invoices and Mr. Coghlin's invoices to see that that extra case did not get involved in the two accounts in any way?

A. I think so, yes.

Q. You were keen to watch that?

A. Yes, I was looking into that pretty closely.

Q. You do not know what became of that case ?

A. No.

Q. Did Mr. Coghlin say what became of it?

A No.

Q. Did you ask him what became of it?

A. Yes, I asked him, but he gave me the same answer as he gave the committee.

Q. What was that?

A. That it was for his own uses, or that it belonged to himself.

By Mr. Zimmerman

Q. He indicated that it was none of your business?

A. Yes, that is it; but I do not think he put it that way. He was very polite to me always.

By Mr. Barker :

Q. At all events, you say the number of packages at Quebec, according to the statement given to you, corresponded with the number of packages in the invoices charged to the government?

A. Yes.

Q. You are quite sure about that?

A. Yes.

Q. And how many of those packages belonged to the *Montcalm*?

A. Well, I could not tell you from memory now; I think they were about half and half, that is roughly speaking.

Q. Were all the *Montcalm's* packages unpacked when you go down there?

A. Yes, I think so. Yes. All the goods that were for the *Montcalm* were supposed to be on board the ship. That is what I was told.

Q. They had just been put on board a short time before that?

A. Yes.

Q. Then you must have seen all this expensive delf, cups, saucers, spoons, and everything in the whole equipment. Were they all packed away, or lying out there in the vessel?

A. Oh no, they were locked up, as I said, some of them in the sideboard and some in the state room.

Q. Those in the state room, were they locked up?

A. The state room door was locked.

Q. Were you in the state room?

A. Yes.

Q. Well, all these spoons, chinaware, and all that, were they in the state room?

A. It was principally that that was in the state room, china and glassware.

Q. You saw the character of that, I suppose, was it expensive ware?

A. Oh yes, I think so, of course I am not a judge of that sort of thing.

Q. Would you say it was ware that would probably cost something like what was stated in the account?

A. Oh, I think so, from the little experience I have had in that.

Q. Was it the character of chinaware that you would have expected to see on board an ice-breaking vessel?

A. Well, that is the only ice-breaking vessel I ever saw; I do not know what it is customary to put on board those vessels.

Q. Well then, about the other packages, how many were there in the storehouse?

A. I think there would be about one-half the quantity there.

Q. Can you tell us how many that one-half would be?

A. No, I suppose it would be somewhere about five or six packages; I would not say positively about the quantities.

Q. And those for the *Champlain*?

A. For the *Champlain*. Yes.

Q. Was the *Champlain* there?

A. I do not know where she was.

Q. Had she been there during the year?

A. I think that she was down at Murray Bay somewhere.

Q. Was she out on service?

A. Yes, somewhere down the St. Lawrence, she was not at Quebec.

Q. She was on service and all these goods were at the storehouse in Quebec?

A. Yes, and I understood that they were to remain there until the spring, that they were not going to put them on board just then.

Q. And they had not been on board for a year either?

A. No.

Q. She had been away on duty, on her service, and these goods were lying in the storehouse?

A. In the storehouse.

Q. In whose charge?

A. In charge of the storekeeper.

Q. Did you look to see whether there was any entry in any book of these goods?

A. I think so, yes. I think I saw an entry in the storekeeper's book?

Q. They were all properly entered?

A. Anyway they must have been, because I got the dates from him of the arrival of the goods, from the entry in his books.

Q. As far as you saw they were entered in the year before?

A. Yes, I think I satisfied myself about that.

Q. Did they tell you by whose directions the packages had been unpacked and the ware and delf sent on board the *Montcalm*?

A. Yes, they told us that it was when Colonel Gourdeau had been down there.

Q. That he had ordered it to be done?

A. Yes.

By Mr. Northrup :

Q. Have you had your shipping bill for these goods from Montreal to Quebec, the railway shipping bill? The reason I ask you is that it was on this file when I went through them before and it has disappeared since?

A. We did not get anything back.

Q. We had the railway shipping bill originally?

A. I do not recollect it.

By the Chairman :

Q. It may have been on the departmental file which has been sent back to the department?

By Mr. Northrup :

Q. These invoices from the old country will give us the prices, in pounds, shillings and pence, of all the goods will they not?

A. The goods that were purchased by Mr. Coghlin, yes.

Q. If we take the invoices of the vendors in the old country, we will get the total amount paid by Mr. Coghlin for the goods there?

A. Yes.

Q. Then if we take the invoices entered here, the 15 cases, each invoice gives the value of the goods that are in each case?

A. That is the English invoices.

Q. The English invoices put through the customs?

A. Yes.

Q. They give the value of the goods. For instance here is one (file produced) that invoice will give us the value of the goods in dollars and cents?

A. Yes, I think that is copied from the invoice.

Q. There is another one, there are three or four altogether, could you not figure it out in a minute or two from those invoices, and from the entries of the customs duties, and see whether or not those 15 cases represent exactly the goods that were purchased by Mr. Coghlin for the government, and charged up to and paid for by the government?

APPENDIX No. 3

A. I know they have not, because there is one, I forget whether it is for one hundred pounds or one hundred dollars there that is included in the English invoices and this case is not included in Coghlin's account.

Q. That case is charged in Round & Sons' invoice and is not charged to the government?

Q. That case is charged in Round & Sons' invoice and is not charged to the government?

A. Yes, here it is here.

Q. So that the government paid for that?

A. No, in settling with Mr. Coghlin there was a deduction made for that.

Q. In what settlement made with Mr. Coghlin; by whom?

A. By Colonel Gourdeau.

Q. At the time you were settling up, or before?

A. In this year, in March. These are not included in Mr. Coghlin's accounts in the original settlement.

Q. In the original settlement these items are not included?

A. Mr. Coghlin in making out his bill to the government did not include those items.

Q. Where are they? Mr. Coghlin did not charge these originally, you say?

A. He did not charge them in his invoice rendered in Canadian currency.

Q. When you got the original invoices you had a settlement with Mr. Coghlin, and you accepted this then, did you?

A. No, I had no settlement with him, the Marine Department settled with him, of course I was——

Q. What we have discovered is, that there were fewer cases went to Quebec than came across the Atlantic?

A. Yes, this case did not go to Quebec or was not supposed to have gone, nor was it charged to the government. It is not charged by Mr. Coghlin in his bill.

Q. You have been through these so that you will know?

A. Yes, because I was looking for these goods in the invoices here.

By Mr. Barker :

Q. How was that separate case marked?

A. 'R.P., No. 1, Montreal.'

Q. Well now, did you find a case down at Quebec on the boat, marked 'R.P.'?

A. No, that case did not go down.

By Mr. Barker :

Q. There was a case that Mr. Coghlin said was for his own use marked 'R.P. Montreal'?

A. Yes.

By Mr. Northrup :

Q. Now let us see what the goods are that were in that case?

A. One—(something)—breakfast dish, three fruit spoons, one glass dish for fruit, one asparagus—(something). 'Separate package inclosed in package R.P.'

Q. There was a big package for 'R.P.' and a smaller one inclosed in it?

A. Yes.

Q. It starts then with one box for R.P. and in that box was included a separate package which was entered in Round & Sons' bill as 'separate package inclosed in package for R.P.'

A. Yes.

Q. The R.P. box was charged in the government's account?

A. No, there was a deduction made as regards those goods in Round & Sons' account against Coghlin.

Q. What did you have to show that that was not paid in full by the government when the account came in?

A. It is not included in the account that was paid.

Q. How is that shown in the account? How do we know it?

A. If you take all these English invoices against Coghlin and compare them with Coghlin's account against the government, you will find that these articles are left out.

Q. Your statement, as I understand it, is that when you got these original invoices you sent them over to the Department of Marine & Fisheries, and they, then, in final settlement with Coghlin, took these into consideration. That, you did not know anything about yourself, of course.

A. Yes, because in taking these English invoices; I had made up these figures from the English invoices and deducted that package marked 'R.P.' which left this amount. This account of Coghlin's to the government is not the total of the English invoices, it is the total less the contents of that case marked 'R.P.'

By Mr. Taylor :

Q. That is in your letter of explanation?

A. Yes, and in the figures of the settlement with Mr. Coghlin.

Q. When you got the refund?

A. When we got the refund.

Q. And that is the way it was deducted?

A. Well, it was never included in Mr. Coghlin's account, the account that was presented to the government.

By Mr. Barker :

Q. What is the amount of that account?

A. About one hundred dollars.

By Mr. Zimmerman :

Q. Yes, a little over $100.

A. Somewhere in the neighbourhood of $100; £24 3s.

By Mr. Northrup :

Q. £24 3s was the amount that came over in that package?

A. Yes.

By Mr. Zimmerman :

Q. This account was $1,937, and there was $340 over?

A. That was a mistake in that invoice.

Q. Are those original invoices made out to Mr. Coghlin?

A. Yes, personally.

Q. Or is it to him as agent of the department?

A. No, it is made out to Mr. Coghlin.

By Mr. Brodeur :

Q. You got these invoices from Mr. Coglin himself.

A. No.

By the Chairman:

Q. And he paid duty on those goods?

A. Yes, it is quite clear that the duty was paid. There is the customs collector's receipt.

Witness discharged.

Mr. JOHN FRASER.

APPENDIX No. 3

Colonel GOURDEAU recalled and further examined

By Mr. Brodeur:

Q. You are the deputy minister of the Department of Marine and Fisheries?
A. Yes.
Q. How long have you been in that office?
A. Since 1896.
Q. How long have you been in the department?
A. Thirty-five years.
Q. You were accountant to the department before becoming deputy minister?
A. Yes, sir.
Q. How long had you been accountant?
A. Seven or eight years.
Q. Has it always been the custom of the department to purchase silverware for the boats?
A. Yes, sir.
Q. Will you tell the committee the reasons why silverware is bought for the boats?
A. On all the large boats of the department we have always tried to secure the very best articles that could be purchased. The department thought that in the long run it was a saving.
Q. Why would it be a saving? Will you please explain that to the committee?
A. Because we have purchased common ware for the small tug boats, and other boats and they have to restock every three or four years.
Q. Are those boats which you speak of in which some silverware has been put, used for distinguished strangers or some other important persons?
A. Yes, those two boats in particular. The *Champlain* is on the line between Rivière Ouelle and Murray Bay and the class of visitors that go from one point to the other, and that have their meals on board, is of the very best. I may also say that the boats was used, and that silverware was used on the boat by the Governor General and party last year.
Q. And is the *Montcalm* also used the same way?
A. Yes, we have not had occasion to use that silverware for outside parties, but the first time we had representatives of the shipping interests and a number of guests on board the *Montcalm*, we had to rent the silverware and the crockery that was used for the occasion. There were over 120 guests aboard.
Q. And would those 120 guests include members of the House of Commons?
A. Yes, and representatives of the shipping interests of Montreal and of the large steamship firms.
Q. If you had not got those, you were obliged to rent?
A. Yes, but the silverware was subdivided. There was ware purchased for the ordinary crew, and ware for the petty officers, and also for the officers proper of the boat. The balance of the silverware is always kept aside for occasions such as I have mentioned.
Q. Take the case of the *Champlain*, it has been stated by Mr. Fraser a few minutes ago, that some of that silverware was in the state room?
A. Not in the *Champlain*. I think he said in the *Montcalm*.
Q. Will you explain to the committee why it should have been there?
A. If the committee will permit me I will tell them as briefly as I can, how it was managed. When the silverware arrived we knew the boat was to be put in the Levis dock for a number of months, so as to effect large repairs, to strengthen the bow, tighten up the rivets, all over the ship, and we came to the conclusion that it was better to order these goods into the storehouse at Quebec to remain until the vessel came out of dock. When the vessel came out of dock a letter was written to the agent telling him that the silverware had to be distributed. I think Mr. Fraser unintentionally

made the statement that is not borne out by facts when he said that I went down to see that the silverware was put upon the vessel. It had been put on board a month before.

Q. When the boat came out of dock?

A. Yes. The order was given that the silverware could not be opened except in the presence of the agent, Mr. Mailloux, the accountant, and the captain of the vessel concerned, that the vouchers with the list of the articles were to be ticked off one by one, and that report was to be sent to the department if there was anything missing or anything not according to the order, and that was done. When I went down later on some rumours had come to me that that silverware had never gone on board the boat. I was amazed at that.

Q. When was that?

A. Some time—Mr. Fraser has said about the time.

Q. It was in November or December?

A. It was in December, I think at the end of the year.

Q. 1905?

A. Yes, and I asked him, Mr. Fraser, if he would be kind enough to come down with me or send any of his officials, as I was as much concerned as he was. Up to that time, although we had written for the original vouchers they had never been sent up by Mr. Coghlin. Mr. Fraser said it was impossible to leave then, but if opportunity offered he would come. When I was in Quebec, Sir Wilfrid Laurier happned to be there and he came down to Mr. Gregory's office and I told him to tell the Prime Minister, who had been spoken to by the Auditor General about the silverware, and what quality he thought it was. I must tell you, in the meantime, that the silverware was submitted by my orders to Mr. Duquette, a reputed and well known jeweller in Quebec, and I got some samples myself and from the information I got from Birks & Co. and Rosenthal's and others, that it was silverware on nickel which they seldom imported that kind, but that the prices at which Mr. Coghlin sold them to the government was ten per cent cheaper than the goods could have been purchased from dealers in Canada.

Q. You submitted samples of these goods to those dealers?

A. I did not ask the price of every article, but I compared the prices of the large spoons, the small spoons, the large forks, and the small forks. I did not go farther than that, just a few articles.

Q. Then, if Mr. Coghlin had been paid the trade discount, which he had been charging, and five per cent commission, it would have been less by ten per cent than these merchants said it could be purchased for?

A. Ten or twelve per cent, if not more.

Q. That is, the department would have paid that much more if the goods had been bought here?

A. Yes, sir. The same quality of silver was put on the *Minto* some ten years ago, I think, and it is as good to-day as when it was purchased. The *Minto* has also been used by the Governor General and party.

Q. You tell me that silverware had been bought for the boats not only during the last ten years, but also formerly?

A. Yes. There is some still on board the boats, some old silverware now on the *Druid* and the old *Napoleon*.

Q. Silverware which was bought twenty-five years ago?

A. Yes, and some of it was recovered from the wreck and sent up to the department.

Q. Generally silverware was bought under the former government and put on the boat and some of it is still in existence.

A. Yes, some of the articles are still in use. Another thing I might say, the reason that the balance of the goods were found in the state room is that I had given orders to Bélanger that nobody was to have a duplicate key of that state room.

Q. Who is Bélanger?

A. He is the captain of the boat. I told him that I held him responsible that the agent nor anybody else had the right to go into that room after he was perfectly sure that every article was there he was to keep the key himself, and not to allow any article to be issued unless when he was present, and I made final arrangements until such time as visitors and invited guests on board the boat could use them. It was only the silverware pertaining to the crew, to the petty officers, the officers of the ship, and the captain that was for regular use. The other was kept under lock and key and would not be opened up unless it was used by the Governor General or somebody who was a guest or visitor. It is the best boat we have in our fleet. It is called an ice tug, but it is the best provisioned and the best boat we have in our fleet.

Q. In the month of December last, I see by correspondence, that your attention was drawn to the fact of the purchase of these goods by the Auditor General?

A. Yes, sir.

Q. After I was appointed minister, after I took office as Minister of Marine and Fisheries, did you not receive instructions from the minister to inquire into this?

A. Yes.

Q. It was before the session opened?

A. Yes, considerably before the session opened, and I had been busy myself with the matter before you came into the department, because I thought it was a pretty hard thing to have said.

Q. Immediately after the Auditor General called your attention to it you took up the matter?

A. I think if you ask the Auditor General that I said I would do everything in my power and would thank him for any help he could give me to find out if there had been anything wrong in connection with the purchase of that silverware.

Q. It was said by Mr. Fraser, a little while ago, that you were asked by the Auditor General for the original invoices?

A. Yes, sir.

Q. Did you take some steps to ascertain whether you could get those invoices?

A. We wrote for them to England—we insisted on Mr. Coghlin writing and getting us the original invoices, and there is an answer to that letter in which he said he was getting them for us. About that commission, I would like to give some information.

Q. Yes, we are coming to that question of commission. I see in the letter of March 10, if I remember aright, the session opened on March 8?

A. I do not remember.

Q. On March 10, I see that you have a letter which you will find on file before the committee, a letter which was sent to you on March 10, 1906, with reference to this question of commission by Mr. Coghlin?

A. Yes.

Q. The letter is as follows :

'MONTREAL, March 10, 1906.

Colonel GOURDEAU, Esq.,
Deputy Minister, Ottawa, Ont.

DEAR SIR,—Referring to the interview which I had with you yesterday, with regard to price, which we charged you for some silverware, chinaware, &c., which we supplied you with a year ago, I regret that there should be any misunderstanding about the price and terms upon which we filled this order, but most certainly you are labouring under mistake as to my undertaking to do it on a commission basis, this I could not do, what I did promise you to do was to order those goods of best material, from the most reputable manufacturers in England, with whom I am in connection, and as I was going to England at the time you placed the order with us, my promising to call upon the different manufacturers and select these goods myself, which I was able

to do by going to Sheffield and ordering the silverware; from there I went to Birmingham, where I had the glassware manufactured, and from thence to Stoke-upon-Trent, where I got the chinaware and earthenware made for you, those goods I bought at manufacturers' prices and charged you a minimum profit, and if you had bought those goods in this market you would have had to pay considerably more for them than I charge you with.

It was owing to my long connection with these manufacturers that they filled your order, as the quantity of each article in your order was so trifling, it was not customary for those manufacturers to fill such orders, and it was only as a favour through me that they did so. Hence, I repeat, I supplied you with those goods on best terms. If I had charged you with the expense of purchasing those goods for you, I should have charged you a considerably larger amount for them. Nevertheless, if you think I should not have charged you with this extra five per cent commission on the invoice price, I would be prepared to concede this item rather that have you displeased with anything I supplied your department with. Again, I assure you that the trouble and expense that I had in getting those goods manufactured for you has left me little or no profit.

Hoping to hear from you at your earliest convenience and accepting this explanation,

I remain,
Yours truly,
(Signed) B. J. COGHLIN & CO.'

Q. Before we go further in this correspondence, I see in a letter which you sent to the Auditor General in answer to his inquiry of December 26, you stated the following:

'I beg to say that these goods were purchased in the same manner and through the same agent that supplied similar goods for the steamer *Druid* some two years ago, and as I have already stated to you verbally, the then minister thought it was better to buy these articles from a wholesale firm in England through an agent, who would be able to secure the discount, and this was accordingly done.

I have requested Mr. Coghlin to call upon you on his next visit to Ottawa, which I understand will be this week, and he will be ready to give you any detailed explanations you may require in connection with this matter.'

I see that you did not state formally there what was the agreement under which similar goods had been sold to the department. Will you please explain under what circumstances you wrote this letter, and how you came to state later on that you had made a mistake?

A. Well, I met Mr. Coghlin and I asked him if he had purchased these goods; I told him that there were some rumours that we had been charged excessive prices on them and I must really say, with Mr. Fraser, that I understood him to say in conversation, that he was simply charging a percentage. That is what I understood him to say.

Q. That he was charging five per cent commission?

A. Well, he did not say what commission, but a commission. And then later on he came up and he said: 'I never stated such a thing. It was my clerk who made an error and charged that commission.' And he said: 'If you will look it up, you will find out. I was allowed a discount or a profit when I bought you other goods.' Then when I got that letter from the Auditor General I looked up the file of the *Druid*, and I found another letter, a copy of which I sent to the Auditor General. Afterwards he came saying he would claim the balance of the money and I believe there is a letter written to you to that effect, that he was not going to stand that treatment.

Q. These are the circumstances under which you wrote this letter of January 29, 1906?

A. Yes, sir, and if I did not understand that I would not have written that letter. But I understood him to say that. He denied it in the office of the Auditor General before me and he swore he never made us believe anything of the kind.

Q. I see that in his letter of March 10, he offered to give back the 5 per cent commission. Was it accepted by you?

A. By me?

Q. Yes, by you or by the department.

A. Well it was accepted in a way, but I was not satisfied. I said I would not be satisfied to make any arrangement with him unless the Auditor General agreed with me and ordered me to pay the money, and we met in the office of the Auditor General.

Q. It has been stated time and again that the further amount was requested from him after the matter was brought before the House of Commons?

A. No, sir. I can tell you frankly that from the time we could not get the original invoices, I have been doing my best and did my best to try and get at the bottom of the matter and help in any way I could to have the matter straightened out; and if I went too far in making the statement about that 5 per cent I am sorry for it. He made the payment in the Auditor General's office himself, willingly. We made the calculation for him and we asked him if he would give a cheque and he said: 'Yes, I will give a cheque rather than have any more bother about it, although I am losing money.'

Q. You have filed a copy of a letter sent to you by Mr. Coghlin on March 29, reading as follows :

'MONTREAL, P.Q., March 29, 1906.

Colonel GOURDEAU, Esq.,
Deputy Minister, Ottawa, Ont.

DEAR SIR,—Herewith, we hand you our cheque for $1,171.87, in settlement of disputed account, for goods supplied to your department, for the *Montcalm* and the *Champlain*. Rather than prolong the controversy between us, as to the terms upon which these goods were bought from us, we again assert we never agreed to supply you with those goods on a commission basis and we maintain it was a mistake on the part of one of our clerks charging a commission at the foot of our invoice, and we prefer to incur the loss rather than have you infer that we have overcharged you. We again assert we have not overcharged you, and we have reason to believe you have ascertained this fact for yourselves, you having made inquiries from other parties, and that you found our goods were charged you at less price, and most undoubtedly of a better quality, than what you could have purchased them elsewhere, besides their having been made especially for you and to your order by leading manufacturers (those who could only supply you with these goods) it was owing to our connection with those firms, and to oblige us, they undertook to make the goods for you, as the quantity of each was so small, no leading firm would undertake to supply you.

In conclusion, it is owing to the mistake of our clerk in charging you a commission, that we make you this allowance. The transaction leaves us at a considerable loss, but we prefer settling it in this way, as we do not wish to prolong this controversy.

We remain,
Yours truly,
(Signed) B. J. COGHLIN & CO.

This letter was received by you?

A. Yes, sir.

Q. Did you not get a letter from Mr. Coghlin on April 9, stating that the amount of $1,171.87 had been paid in error?

A. Yes, I think you have got it there.

Q. That letter is as follows :

MONTREAL, P.Q., April 9, 1906.

Colonel GOURDEAU, Esq.,
Deputy Minister
of Marine and Fisheries.

DEAR SIR,—On consideration of the disputed account between us for goods supplied for the *Montcalm* and *Champlain*, when I was in Ottawa lately and meeting with you and the Auditor General, I gave you my cheque for $1,171.87 in error at your request, with the object of correcting an error in my invoice for goods supplied your department. This cheque should be only for $166.32, which represented commission charged you on those invoices of which I wrote you on March 26. I have to request your department to refund the difference between these two amounts, being a balance of $1,005.55.

Yours truly,
B. J. COGHLIN & CO.

You got that letter?

A. Yes. I did not answer it simply because the matter was under investigation and the matter is standing to-day.

By Mr. Northrup:

Q. Who is responsible in your department, Colonel Gourdeau, the deputy minister?

A. Yes, sir.

Q. And when goods are ordered as these were, they will be charged to the department subject to the orders of the minister?

A. Yes, sir.

Q. Who is responsible for the ordering of goods such as those ordered for the *Montcalm* and *Champlain*?

A. Well, the department is responsible, sir.

Q. Some individual must be?

A. Yes.

Q. What individual would be responsible?

A. The officer in charge of the inspection of the vessels. I think the former orders were made after he had examined the lists and fixed them up.

Q. I am referring to the Coghlin purchase—I might say the extraordinary purchase—of goods, and I would like to know from the deputy minister of the department what official gave this order?

A. No official gave such an order.

Q. Somebody must be responsible? Coghlin cannot go and buy any goods he likes and get the cheque from your department, can he?

A. No, sir. I was informed later on by the minister, that Mr. Coghlin was purchasing silverware for the department.

Q. Who then would be responsible for these purchases for the *Montcalm* and *Champlain*?

A. Well, I suppose it must be the head of the department.

Q. That is the minister?

A. Yes, sir.

Q. Was it the minister who gave the order?

A. He must have given it.

Q. You did not?

A. No, sir.

Q. And nobody else could, I suppose, except you or the minister?

A. No.

Q. So the minister must have given the order to Coghlin. Did he tell you what order he had given?

A. He told me he had given an order to supply that vessel on the same footing as the other steamers.

Q. He told you he had given an order to supply the *Montcalm* and the *Champlain* on the same footing as the other steamers?

A. Yes.

Q. When did he tell you this?

A. I could not tell you the date.

Q. Before the goods arrived?

A. Oh yes, considerably.

Q. And that was the first——

A. That was the first intimation I had of it, sir.

Q. And then did you go into details with him? You said you were furnishing some fittings. Did you go into details as to quantities and prices?

A. No, sir.

Q. He did not go into the quantity or prices?

A. No, sir.

Q. He merely said, what?

A. The prices would be according to the prices we had paid on other occasions.

Q. Then it would be your duty to see the order was carried out on the same footing as the others?

A. Yes.

Q. Do you consider the order was so carried out?

A. I do not consider the order is excessive.

Q. You do not?

A. No, sir.

Q. Am I to understand that all the other boats that had been furnished during the last ten years had been furnished the same as the *Montcalm*?

A. Yes, the boats were furnished in the same way as the *Montcalm*.

Q. Furnished on the same basis as the *Montcalm* and *Champlain*?

A. Yes.

Q. The *Montcalm* is an ice-breaker, is it not?

A. Yes, sir.

Q. What else does it do besides breaking ice?

A. Any work that a steamer is called upon to perform.

Q. What work would that be?

A. For instance, the boat has been down to Newfoundland and is on her way to Rigolet on the Labrador coast.

Q. For what purpose?

A. Pertaining to the duties she has got to perform there.

Q. What would be those duties?

A. It is in connection with the boundary line there.

Q. What does she do; what does she carry?

A. She is the only vessel that can go there on account of the condition of the ice and the locality. She is the strongest and fastest vessel we have got, at this moment.

Q. The *Montcalm* is the strongest and fastest?

A. Yes.

Q. You say she has been employed in connection with Newfoundland Boundary dispute?

A. And she carries down supplies and is also employed for the inspection of the channel. In fact she has got as much work as she can perform this summer.

Q. Would this silverware you purchased be for the use of the ordinary crew of the *Montcalm*?

A. No, sir.

Q. It would be for extraordinary purposes, for excursions by His Excellency or other distinguished persons?

A. Yes, sir.

Q. You said His Excellency had been on board the *Montcalm*?

A. No, on board the *Champlain*.

Q. Then His Excellency has never been on board the *Montcalm*?

A. No, but he probably will.

Q. Has any other Governor General been on board the *Montcalm*?

A. They have not had time, sir.

Q. When was she built?

A. She was only built a few years ago.

Q. There has never been a Governor General on board?

A. No.

Q. But you think the Governor General was on board the *Champlain*?

A. Yes, sir.

Q. How often?

A. Well he used the *Champlain* once last summer, that is the first time he had occasion to.

Q. How long did he have the *Champlain* ?

A. Two or three weeks, I think.

Q. How long has the department had the *Champlain* ?

A. This is our third year.

Q. And this is the first time it has been used by His Excellency?

A. Yes.

Q. Now then, as the responsible administrative head of the department, Colonel Gourdeau, do you think it is right and honest to spend so much money on silverware for a boat that may be used once in two years by the Governor General?

A. But, sir, there are all the travelling public that may use the boat when they go down there. And then there are the shipping interests, they have already been on board several times. When we had the shipping interests on board we had to rent whatever stuff we required, because what was in use by the crew on board could not be used.

Q. I do not suppose you would take the shipping interests out very often on a shipping excursion?

A. They may be taken on board two or three times a year in very large numbers.

Q. Would there be any reason or any justification for spending money in that way?

A. Well, I do not think it is a large amount for two boats of that kind.

Q. But taking the shipping interests for two or three sprees a year, would there be any justification?

A. It would be good for twenty years.

Q. I understand that. But would there be any justification, simply because of taking out the shipping interests two or three times a year?

A. There are not only the shipping interests.

Q. I am asking one thing at a time?

A. Yes.

Q. I am asking about the shipping interests. You suggest the justification of taking the shipping interest on board two or three times a year ?

A. Yes, I would, sir.

Q. I will let it go at that?

A. Yes, I would.

Q. Then we have His Excellency who went once and then there are the shipping interests perhaps two or three times a year. Is there anybody else you would carry?

A. Well, there are the officials of the department.

Q. The officials of the department. That exhausts the list of the gentlemen for whom these supplies were required?

A. And during the winter the representatives of the newspapers have taken very much interest in this ice-breaking question, and they have asked the department to allow them to remain on the boat sometimes for two or three days, when the ship was experimenting with ice-breaking. All these come in with the visitors.

Lt.-Col. GOURDEAU.

Q. The newspaper men would be on board two or three days?

A. Yes, sir.

Q. How far does she get from the shore when breaking ice?

A. She would be in the centre of the river, sir.

Q. This *Montcalm* ?

A. She goes up the centre of the river and comes back when she has opened a way through the ice.

Q. I looked over her reports and it strikes me she got back every day?

A. Certainly.

Q. She got back to the land at night?

A. Yes.

Q. Would it be necessary to get all these luxuries for a few hours?

A. That takes in three meals a day.

Q. I saw a statement showing that the number of hours she worked last year was 208 hours. Do you happen to know how many hours she worked?

A. I forget. She was at it all the time.

Q. 208 hours, would it be?

A. I would not like to say.

Q. It is in a statement here somewhere.

A. She was down at Seven Islands too in the middle of the winter.

By Mr. Brodeur:

Q. Last winter?

A. Yes.

By Mr. Northrup:

Q. Well then, Colonel Gourdeau, you told us that the late minister ordered these goods and that you think the prices reasonable, and you have told us why the goods were required. When you were told that the goods for the *Druid*, the *Lady Laurier*, and other boats were purchased in the same way, did you look back over the files to see if there had been any mistakes such as there were in this account?

A. Yes, I called upon Commander Spain, who examined the goods and made the original application for silverware, to say if he thought there was anything wrong and he reported not.

Q. Well, what I want to get at is: Did you go over the invoices from the Old Country for the goods purchased by Coghlin for the use of the other boats to see if they were rendered like this?

A. He must have gone over them, sir.

Q. You do not know anything about that?

A. No, sir, I asked him to examine into that matter.

Q. Did you tell him to get the Old Country invoices?

A. I told him to get every possible information and to find out how they were purchased.

Q. When these goods arrived in this country, were you notified by Coghlin of the fact?

A. The department was notified.

Q. That would be in the year 1905——

A. Yes.

Q. This Coghlin account was sent in, was it not?

A. It was sent in later on, some time in the spring of 1905.

Q. And the account was paid, was it not?

A. I do not think it was paid in full.

Q. If it was not paid in full, why did he refund on the basis of it being paid in full?

A. It was paid later on, but we kept an account in our books to find out if the account rendered was correct.

Q. Have you any figures to show what you paid Coghlin and on what date?

A. No, sir. They were not all paid at the one time. I do not think the accounts were paid in one payment.

Q. At all events you did pay Mr. Coghlin, in full?

A. Yes, of course.

Q. That was the end of the transaction?

A. Yes, sir, until——

Q. The Auditor General's turned up later on?

A. Yes.

Q. And if the Auditor General had not stirred it up, nothing would have been heard of it again?

A. Yes, but I heard of it at the same time myself.

Q. Months after the account had been settled?

A. Whenever the rumours were in the city about it.

Q. Months after the account had been settled you heard about it. You called upon the Auditor General the moment he was writing to you?

A. I do not know that it was the very moment.

Q. Did you not receive the Auditor General's letter first?

A. No, I did not.

Q. Then you called upon the Auditor General?

A. I think so.

Q. You were the one who stirred him up?

A. Not at all.

Q. Either you called on him before you wrote, or while he was writing, or after he wrote?

A. My memory is such that I would not like to make a statement.

Q. You would not like to say that it was before he wrote or while he was writing?

A. No, sir.

Q. In his letter to you he speaks of bringing the matter to your notice? Was that not rather presumptuous on his part?

Mr. BRODEUR.—That is not a fair question to put.

By Mr. Northrup:

Q. At all events you do not know whether you called upon him first or that he notified you? You did answer him at all events shortly afterwards admitting that there was a 5 per cent commission?

A. Yes, sir, that is what I understood. I understood that from my first conversation with Mr. Coghlin.

Q. Well then, subsequent to the closing up of this matter, Mr. Coglin came to Ottawa did he not?

A. Yes.

Q. You saw him?

A. Yes.

Q. You had an interview?

A. Yes.

Q. And he paid you back $160 odd, did he not?

A. Yes, that was the amount.

Q. $162 to be accurate?

A. Yes, I think it was that.

Q. When he paid you that $162, did you give him a receipt for it?

A. No, the matter was then in litigation, I might say, between the Auditor General's department and my own. I was very much concerned in making a settlement that would be satisfactory to the department and satisfactory to the government.

Q. And when you received this cheque for $162, that was all that was due from Mr. Coghlin?

A. Yes, according to his story.

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Q. And would not that be all that was due according to your own story? You told him, according to his story, that he should be paid no more if he bought those goods than he did when he bought any other goods.

A. No, I do not think so.

Q. Should he have paid more according to your story?

A. Because at the time I thought it was simply that 5 per cent commission that he was entitled to.

Q. You did not think that at that time?

A. No, sir, I did not.

Q. At the time you had this interview and he paid you the $162, it was in full, according to his story? I ask whether that was in full, according to your understanding at that time?

A. At that time.

Q. So you settled up with him and took a cheque from him?

A. What I thought was right.

Q. And was that money forwarded to the Receiver General ?

A. I think so, and there was then further communication.

Q. What would be the date of that, have you anything to show the date?

A. It must be on the files.

Q. I do not recollect any letter on the file. There is no letter to the department showing that. About what time would that be that he gave you the $162, about what month?

A. Well, I really forget, sir.

Q. What did you do after you got that $162?

A. Well, I really would not like to say that it was sent over: it was kept until I was satisfied that the Auditor General was of my opinion. When a settlement was made Coghlin contended that he had never mentioned to the Auditor General or never mentioned to me that there was to be a commission of 5 per cent. He said that we misunderstood him.

Q. What had the 5 per cent to do with it at that stage? You, as head of the department and the man who was dealing with the department met. His bill had been paid and you were contending that there was an overcharge, and he said: 'I will give you $162, that is the amount over paid according to my contention.' You said: 'I agree with you, that is all you should give me back according to my contention.' Coghlin did so, and everything was straightened out?

A. No, sir, it would not be straightened out until I had seen the Auditor General.

Q. There might be some appeal to the Auditor General, but as between him and you, you were both satisfied?

A. I was satisfied, provided the matter was satisfactory to the Auditor General. He had more information than I had, because he had access to the original vouchers which I had never had.

Q. There is nothing on the files from you to the Auditor General to show the next stage?

A. No. Evidently I kept that cheque until such time as I had seen the Auditor General.

Q. What is your recollection as to the next thing that was done?

A. When I consulted with the Auditor General later on, he told me he understood as I had understood. The day Coghlin came——

Q. Well?

A. He said he had called on the Auditor General and the Auditor General had been a kind of satisfactory, but it did not appear so to me, and I said: 'You will have to go back with me to the Auditor General,' and unless he is satisfied this, matter will have to be looked over again.

Q. He paid you on that date?

A. Yes, gave a cheque.

Q. That would be March 31?

A. I forget the date, but it would be at the end of the month.

Q. As far as your story goes you and Coghlin got together and the matter was settled between you ? The next day on March 3, Mr. Fraser wrote to you saying that Coghlin had been at his office the day before and Coghlin had agreed with him that he, Coghlin, was only entitled to 5 per cent ?

A. That is what I have told you. That is what he contended and I understood that from himself.

Q. What I want to get at is this: Some time prior to March 2, you and Coghlin had your settlement?

A. Had which?

Q. Some time prior to the second of March you and Coghlin had your settlement in which he paid you $162?

A. Yes.

Q. You cannot give me any idea as to the date of that?

A. No, sir, I do not remember.

Q. Then you cannot apparently give me any knowledge as to the next stage which led to the meeting between Coghlin and Mr. Fraser?

A. No, sir. We were in course of settling the affair and I would not have settled it unless it was satisfactory to the Auditor General.

Q. At all events on the second of March the Auditor General announced that he wanted this $1,396 to be refunded.

A. Yes.

Q. You were notified of that on March 3?

A. Yes.

Q. Then you did not succeed in getting that out of Mr. Coghlin until March 31?

A. No.

Q. On March 30, Mr. Foster moved for papers in the Coghlin matter as I suppose you are aware?

A. Oh yes, I know it now.

Q. And are you aware that Mr. Coghlin swore that he received word from Ottawa that a motion had been made and that he had better come to Ottawa at once?

A. I do not remember anything of that at all, except——

Q. Do you remember telephoning?

A. Yes, I telephoned for him to come up.

Q. That was the day before he paid the money?

A. No, two or three days before. He could not come up next day, but said he would come two days after.

Q. You told him Mr. Foster had moved?

A. No, sir.

Q. That somebody had moved?

A. No, sir.

Q. Mr. Coghlin said——

A. He may have told you that, but I never did.

Q. He said he was telephoned from Ottawa and came up. When the first account was sent in by Mr. Coghlin did it come under your own personal notice?

A. No, sir, it went up to the accountant's branch of the department and came down to me.

Q. Would you have seen this invoice before it was paid?

A. No. I sent it to Commander Spain to look over.

Q. You would have nothing to do with it yourself?

A. No.

Q. On whose certificate would it be paid?

A. I forget who it was certified by.

Q. I see that in the goods supplied the *Montcalm* it was certified as received by O'Brien the storekeeper. Then there is the statement, 'above work was duly authorized and performed and the prices charged fair and just.' That is by Gregory?

A. Yes, sir.

Q. Gregory then is the man who certified to the prices?

A. Yes.

Q. Is there any cheque by your department at all as to people certifying to prices? Can any official certify, no matter what his experience has been

A. Mr. Gregory had been a merchant originally and had purchased a lot of goods. I think he was the proper person.

Q. So the account was paid on his certificate?

A. Yes.

Q. Did you, as deputy minister, examine the items?

A. No, sir, I did not.

By Mr. Taylor

Q. The boxes had not been opened by Mr. Gregory and some of them had not been opened yet?

A. Yes, sir, they have all been opened and called off, checked off, item by item by Mr. Mailloux.

Q. Not the *Champlain* ones?

A. No, sir.

By Mr. Northrup:

Q. When the cases were shipped to Quebec they were received by O'Brien the storekeeper, you say?

A. Yes, sir.

Q. The instructions, I understood you to say, were that they were to be kept in store until the vessels were ready to take them?

A. Exactly, because both vessels were undergoing repairs in the dock.

Q. Were the boxes opened or not until they were taken on board the vessels?

A. They were not opened until they were taken on board the boats, that is what was assured to me.

Q. They were not taken on board the boats until after ten or twelve months?

A. Exactly.

Q. And the accounts were paid some few months after the boxes were received?

A. A little while after.

Q. So that when Mr. Gregory certified that the work had been done and that the prices were reasonable and fair, he had never seen the goods at all?

A. I am not sure. I would not like to be sure that they were not examined and re-boxed. I would not like to be sure.

Q. You would not like to be sure?

A. No.

Q. But there were instructions that the boxes were not to be opened until they had been taken on board?

A. I think those were the instructions. There was some difficulty about paying the account, and I think they were opened and re-boxed and the account was paid.

By the Chairman:.

Q. I think you will find in Mr. Coghlin's evidence that the boxes were all opened up and looked at and then closed up again?

A. Exactly.

By Mr. Northrup:

Q. After this transaction had been closed between you and Coghlin, you heard some rumours apparently that all the silverware had not gone on board?

A. Those were the first rumours we heard, yes.

Q. And in consequence you went down to Quebec to the boats?

A. No, sir, I did not. I wrote to Mr. Gregory and asked him if there was any possibility that in calling off the goods they did not do the work properly and he said

that Mr. Mailloux was there, and the captain of the vessel was there and he himself also, and according to the accounts delivered by Mr. Coghlin everything was received.

Q. Then why did you go to Quebec on the time you went on board the ship?

A. I never went on board the ship.

Q. Then the Auditor General was wrong when he says you were down there?

A. I was down there, but I did not go on board the ship.

Q. You did not see anything about the silverware?

A. No, sir.

Q. You do not know anything about the silverware after it was sent in?

A. No, sir.

Q. What about this package that came out marked 'R.P.' Did you notice that?

A. I was told by the Auditor General, and that is one of the things I spoke to Mr. Coghlin about the last time he was up here. He told me exactly as one of the gentlemen said, that it was none of my business what he was ordering, that he could order for himself, that he had paid the customs duty on it, and that it was his own property.

By Mr. Zimmerman:

Q. These goods are all invoiced to Mr. Coghlin?

A. Yes.

By Mr. Northrup:

Q. And as to the package that was inclosed?

A. I knew nothing about that.

Q. I have not figured it out. Was it perfectly certain that Coghlin paid the duty and it was not refunded?

A. Yes, sir, I am perfectly satisfied as to that, the same as the Auditor General. We inquired from the department and there was no refund made at all.

Q. Then when you settled up with Mr. Coghlin you allowed him duty paid of course?

A. Yes, certainly.

Q. And how did you arrive at the amount of duty paid, from the invoice?

A. I have never examined the account myself.

Q. From the customs invoice?

A. I never examined them myself, but the accountant examined them, and he said it was paid according to the original invoice.

Q. Were the duties paid on the other parcels too?

A. The duties were paid on everything in the account that he rendered to us.

Q. The point I want to get at is this: these entries for the customs show that the duties were paid on all the goods that were sent?

A. Exactly.

Q. Now all the goods that were sent were not for the government?

A. I do not know.

Q. Oh yes, but we know?

A. I know that the account that he rendered us had been paid, and that the duty was paid and that every article in that account was delivered.

Q. Can you tell me how much duty you allowed him?

A. I could not. I do not know anything about that.

By Mr. Taylor:

Q. Colonel Gourdeau, do you remember when the order was given to Mr. Devlin to purchase these goods?

A. Mr. Devlin?

Q. I mean Mr. Coghlin?

A. No, sir, I do not remember.

Q. You do not know about what time the order was given?

A. No, sir.

APPENDIX No. 3

Q. You do not remember when the minister told you that he had given the order?
A. It was some time after it was given.
Q. Some time after it was given?
A. Yes.
Q. Do you know that about the time it was given or shortly before that, Mr. Coghlin and Mr. Cloran were applicants for a position in the Senate?
A. No, I don't know anything about that.
Q. Did you not hear the rumour that there was a fight between these two as to who should get the senatorship?
A. Oh no.
Q. Did you know that Senator Cloran got it just a short time before this order was given?
A. No, sir. I do not know when Mr. Cloran was appointed. I know he is a senator now.
Q. But you know that Mr. Coghlin was very much disappointed when he did not get the senatorship?
A. I heard that later. I heard it since the appointment.
Q. Did you hear that this order involving a trip to England was given to him as a sop?
A. No, sir, I did not.
Q. You did not hear that ?
A. No, sir, I did not.
Q. Did you have an interview with Mr. Coghlin about that time?
A. No, sir, I did not see him for months.
Q. You did not hear him complaining or making a remark showing the he was feeling very sore?
A. Later on, I may have.
Q. Later on, you did hear it?
A. Yes.
Q. That he was very much disappointed that he did not get the senatorship ?
A. I heard him say something like that, but he was not speaking to me but to some gentlemen who were in the same room. He never said anything to me about that.
Q. He did not get this order and this trip to England as a sop for his wounded feelings?
A. No, sir.
Q. Then he had to come up, after the Auditor General raised trouble. and give you a refund equal to 5 per cent?
A. Yes.
Q. He gave you a cheque for $162 while here?
A. Yes, sir.
Q. Then the next time he came up he gave you a cheque for——
A. A larger amount. That was done in the room of the Auditor General.
Q. He gave you a cheque there?
A. Yes.
Q. Then how do you account for this letter from Montreal, stating that he is inclosing a cheque to you. You say he came up here and gave it to you?
A. I forget really how it was.
Q. He sent a letter from Montreal to yourself?
A. Yes, I remember now how it was. He was going away in a few moments—it was all settled up in the Auditor General's office—and he said, I will confirm that by letter from Montreal, which I will send you to-morrow. He was very much exercised over that account and he said: 'I will confirm that by letter from Montreal to-morrow.'
Q. He said he would confirm it by letter and left the cheque here?
A. Yes, sir.
Q. Then the statement in his letter that he inclosed you a cheque is not correct?
A. No, sir. I am telling you how it happened.

Q. That statement is not correct?

A. No. I am telling you exactly how it happened.

Q. There is a series of letters written by Mr. Coghlin. There is one of March 29, wherein he says he inclosed you a cheque. Mr. Foster made his motion on the 30th. Coghlin came up here on the 31st in response to a telephone message according to his own evidence and then settled with you and gave you a cheque?

A. I think he was wrong there, because I remember when I called him up he said he could not come next day but two days afterwards.

Q. He is registered on the Russell House books as being here that day on March 31, then he goes back to Montreal and you receive this letter dated the 29th?

A. Confirming the cheque he has given me.

Q. In his letter of the 29th, he says the cheque was given from Montreal?

A. He confirms what was done.

Q. He writes a letter dated two days before and inclosed a cheque and you say it was given here?

A. He was here.

By Mr. Brodeur:

Q. When you settled with him in the presence of the Auditor General, had the matter ever been brought before the House at the time?

A. No, sir. I knew nothing at all about it. I can tell you one thing, and I do not know that he did not say it in the presence of the Auditor General, that if he had known the thing was coming up he would have fought it here and not paid that amount.

By Mr. Taylor:

Q. Then the evidence given by Mr. Coghlin that he received a telephone message and came up and saw you and the Auditor General and put up his cheque cannot be correct?

A. No, I do not think it is correct.

By Mr. Northrup:

Q. Mr. Coghlin paid duty not only on the goods purchased by the government, but also the goods that were in the 'R.P.' package?

A. Yes.

Q. And the other packages inclosed with it?

A. Yes.

Q. Then when the government settled with him they allowed the total amount of duty?

A. The figures were arrived at.

Mr. BRODEUR.—In your office, Mr. Fraser?

Mr. FRASER.—In my office.

By Mr. Northrup :

Q. You are quite clear on that point that the government paid duty on the goods that were in the package marked 'R.P.'?

A. Yes.

Q. And in the other packages too?

A. Yes, it seems like it.

By Mr. Barker:

Q. I understood you to say that very strict orders had been given as to the storekeeper and the captain——

A. Yes, sir.

Q. Being required to be present when the goods were opened?

A. Yes, sir.

Q. By whom were those orders given?

A. By the department.

Q. By whom in the department?
A. By myself.
Q. By yourself, when?
A. I could not tell you from memory.
Q. In writing?
A. I think so, I think it is on the file.
Q. It is on the file?
A. Yes, it is on the file. I know it is on the file, it is one of the letters copied here
Q. And you required a report as to the result of the stock-taking?
A. Yes, we have got that too.
Q. Is that on the file?
A. Yes.

Q. I understood you also to say, Colonel Gourdeau, that the policy of buying these good articles was real economy?

A. Yes, I think so.

Q. Was it with view to economy that you bought these articles: 6 dish covers, $118; 2 coffee pots, $46; 2 tea pots, $42; 4 milk jugs, covered, $68; 4 cream jugs, $50; 2 sugar bowls, $54; 3 fruit jars, $148.50; 3 ice pitchers, $60; 3 trays, $33; 2 crumb brushes, $10.50. Would you say seriously that articles of that price were bought with economy owing to their durability. Seriously now?

A. No, I think those articles, or some of them, might have been dispensed with, or if not dispensed with, that lower prices might have been charged.

By Mr. Brodeur:

Q. Is it not a fact that lower prices were obtained at the end?

A. Yes, we got them for less than the commonest ware can be bought for in the country.

Q. Now, on March 3, 1906, a letter was sent by the Auditor General to you, which contained the following : 'I have now to request that you will obtain from him (speaking of Coghlin) a refund of the amount overpaid, viz.: $1,396.87, made up as follows:

Amount paid for purchase of the goods	$1,637 81
Duty paid by Mr. Coghlin	339 26
	$1,977 07
Five per cent commission on above	98 85
	$2,075 92
Amount paid to B. J. Coghlin	3,472 79
Balance to be refunded	$1,396 87

From this amount should be deducted whatever Mr. Coghlin paid for freight and any other necessary charges.'

So it seems you got a letter on March 3 from the Auditor General, asking you to get this money back from Mr. Coghlin?

A. Yes.
Q. It was long before Mr. Foster brought up the question in the House?
A. Why, certainly.
Q. And you acted upon this letter?

A. Absolutely, and I think the Auditor General can bear me out in saying I did everything I could in this matter to have a settlement and that the settlement should be done properly and to the advantage of the government.

Q. In the matter of Buckley, it was stated that you bought some coal from him. Will you tell us the circumstances under which you made this purchase?

A. Well, I purchased the coal two seasons, I think.
Q. Two seasons?

A. Yes, and I asked him if he would give me the coal at the same price as he was selling it to the government. The market had gone up here and on both occasions I saved $40 or $50 in purchasing coal through him. I paid him cash in every instance, in fact he owes me 70 cents to-day. On the last occasion, I paid him, I had the money ready in an envelope, but he had not the change and he still owes be 70 cents.

Q. You bought that in the ordinary course of business?

A. Certainly.

Q. How did you come to buy coal and ask that it be shipped to Archambault?

A. Because I was to be absent at the time the coal would arrive, and it was quite open to me to ship to Archambault as one of the messengers. I was to be absent at the time and I told him where to go with it and how to put the coal in my cellar. I am sorry now that I did.

By Mr. Northrup:

Q. I suppose you could have had the coal shipped to yourself from Ogdensburg?

A. No, sir. I did not know the man in Ogdensburg and they would probably, in order to protect the men selling coal, have refused my order.

Q. In buying from Buckley, supposing you had ordered the coal to be sent to you yourself?

A. There were only ladies in the house and it could not be looked after.

Q. What is the difference between shipping to you and shipping to Archambault and your telling him how it was to be done?

A. There is not difference at all.

Q. So you could have shipped to yourself? Do you remember when you ordered from Buckley what the price of coal was here?

A. It was $2.25 more.

Q. At the time you purchased from Buckley it was $2.25 more?

A. I think it was over $2.25, and I only paid a quarter of a dollar for the delivery of the coal at my place.

Q. And the freight you had to pay ?

A. I think $12.50 was all I paid.

Q. The second year, was there any difference?

A. Yes, a very large difference.

Q. How much the second year?

A. Nearly two dollars.

Q. Between the price that Buckley sold at and the price you would have to pay here?

A. Yes.

Q. You only paid Buckley the same price that he would have to pay ?

A. Yes.

Q. Did the government ever try to purchase coal from the American Coal companies at Ogdensburg?

A. No, sir, they did not.

Q. You are aware that all the Prescott dealers buy from them are you not?

A. I suppose if they get very large quantities.

Q. You are aware that the coal brought in there is American coal?

A. Yes.

Q. And the government buys large quantities, does it not?

A. Yes.

Q. How do you account for your paying the prices you pay in Prescott, as compared with the price that the Department of Justice gets coal for in Kingston?

A. I never made the comparison.

Q. They get coal for $2.79 in Kingston ?

A. What kind?

Q. The very same sort?

A. What kind of coal? Run of the mine?

Q. Soft coal?

A. Soft coal. Run of the mine, is it not? Yes.

Q. How do you account for the difference between the price at which they can supply the penitentiaries and the price you pay? Have you any way for accounting for it?

A. No. Of course if tenders are called we have to accept the lowest.

Q. Do you always buy your coal in Prescott by tender?

A. Yes.

Q. You always buy by tender?

A. Yes.

Q. Do you advertise in the papers or send a circular?

A. No, I think it was by circular. This year we are advertising in the papers.

Q. And the result of that has been you are paying about five dollars for soft coal in Prescott?

A. Mr. Buckley is losing on every ton of coal he sold to us last year.

Q. He is getting about $5 a ton, is he not?

A. I forget on what coal, but I know on one quality. I am making a statement that is perfectly correct.

Q. You say that Buckley is losing money?

A. On one kind, I do not know what it is. The payments were made this year.

Q. Will you explain why you pay Buckley $5 a ton for soft coal in Prescott and the Department of Justice buys a similar article in Kingston for $2.79?

A. I do not know how delivery is made there. I do not know how the conditions are in Kingston.

are in Kingston.

By Mr. Brodeur:

Q. Or whether it is the same class of coal?

A. Yes.

By Mr. Northrup:

Q. Do I understand the statement was made by Buckley that he was losing a dollar on every ton of coal?

A. A dollar a ton? What I said was that he lost money on every ton of coal, but what special kind I do not remember.

Q. For what time was that, this year or previous years?

A. Up to this year.

Committee then adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM, No. 32,
July 7, 1906.

The Select Standing Committee on Public Accounts met here to-day at ten o'clock, a.m., Mr. Roche (Halifax) in the Chair, and proceeded to further consideration of certain payments to Mr. B. J. Coghlin for silverware for the steamers *Montcalm* and *Champlain*.

Mr. A. W. OWEN called and sworn, and examined

By Mr. Brodeur:

Q. Mr. Owen, you are accountant of the Department of Marine and Fisheries?

A. Yes.

Q. Did you make a statement showing the amount which was paid in each case for the silverware purchased for the steamers *Montcalm* and *Champlain*?

A. I did, sir.

Q. Will you please file that statement?

A. (Statement filed) as follows:

SILVERWARE purchased for steamers *Montcalm* and *Champlain*.

		Paid.
72	Breakfast cups and saucers	$ 52 42
72	Teas	34 77
36	Egg hoops	10 58
48	Ind. Butters	10 75
372	Badges	28 83
6	Meissens & Napies	4 96
3	doz. Dessert Plates	6 68
4	" Plates	6 16
4	" Fruits	4 12
6	Dishes	5 11
6	Fish Dishes	9 30
24	Cov. Dishes	43 01
24	" "	34 94
24	Boats and Stands	10 25
30	Jugs	37 29
6	Common	3 57
6	Plates	0 77
72	Soups	14 36
72	10-inch Plates	14 36
6	doz. 8-inch Plates	12 31
6	" 7-inch Plates	10 25
6	Dish covers	82 60
2	Cruets	10 85
2	Pickle frames	10 50
2	Pickle forks	2 27
2	Jelly frames	9 10
2	Jam spoons	2 45
2	Coffee pots	32 20
2	Tea pots	29 40
4	Milk jugs, covered	47 60
4	Cream jugs	35 00
2	Sugar bowls	37 80
4	Sugar spoons	0 81
4	Sugar tongs	1 28
6	Salts	10 50
30	Napkin rings	15 75
3	Table bells	3 68
3	Fruit stands	103 95
3	Butters and knives	13 91
3	Toast racks	6 03
3	Ice pitchers	42 00
3	Trays	23 10
2	Crumb brushes	7 35
2	Crumb trays	5 60
3	doz. E. P. Desserts	46 20
3	Cases for dessert	7 35
3	doz. Fish eaters	63 00

APPENDIX No. 3

3	Cases for fish eaters	8 93
2	E. P. fish carvers	9 45
2	Bread plates and knives	17 15
1	doz. Salt spoons	2 10
2	Soup tureens	18 38
2	Cake baskets	21 18
	Afternoon tea sugar and creams	15 75
2	Cheese dishes and covers	22 40
24	Nut crackers	18 90
6	Spittoons	4 20
6	Ash trays	1 93
36	E. P. Table forks	19 95
36	Dessert forks	14 70
36	Soup spoons	18 38
36	Dessert spoons	14 70
36	Tea spoons	8 40
6	Gravy spoons	6 30
2	Soup ladles	3 50
6	Peppers	15 75
4	Dish covers	15 13
74	Sherries cut and badged	21 01
72	Ruby hock glasses	36 79
70	Champagnes	29 81
73	Tumblers	23 01
78	Tumblers	9 96
	Case	2 66
	Meat and Game carvers	21 22
5	doz. Table spoons	15 05
5	doz. Dessert spoons	12 94
1	case Fish carvers	4 11
5	doz. Knives and Forks	6 55
5	pairs Carvers	3 57
3	Steels	0 92
15	Spoons	3 08
	Case and Stamp	4 63
	Dessert and Soup plates and meissen nappies	9 23
108	Plates	12 33
6	Dishes	4 47
24	cov. Dishes	21 17
6	Boats and Stands	2 98
12	Jugs	9 74
2	Jugs	0 85
72	Cups and Saucers	10 77
	Cheese stand and cover	3 42
	Small items packing and engraving	14 33
2	Ice pitchers	28 00
2	Trays	32 20
2	Cruets	8 40
2	Pickle frames	6 30
	Coffee pot	4 90
	Tea pot	4 20
2	Milk jugs	6 30
2	Sugar bowls	3 85
	Crumb scoop brush	3 68
	Crumb tray	2 80

Mr. A. W. OWEN.

6	Salt cellars	5 25
6	Peppers	5 25
12	Napkin rings	5 60
2	Fruit stands	15 75
2	Toast racks	3 15
5	Butters and Knives	6 13
2	doz. Table forks	3 15
2	doz. Dessert forks	2 10
2	doz. Soup spoons	3 15
4	10-12 doz. Spoons	5 31
	Fish knives and forks	4 38
	Bread tray and knife	4 73
	Soup tureen	16 28
	Soup ladle	1 40
3	Brass spittoons	2 10
	Etching plate	11 90
	Cases	5 25
	Table forks, spoons and knives, &c	19 06
	Salts, sugar basins, plates, &c	13 90
	Cups, saucers, dishes, tea and coffee pots	65 81
2	doz. Dessert forks	9 80
2	doz. Table forks	13 30
12	E. P. desserts	15 40
	Ice pitcher	14 00
	Tray	9 80
	Oval tray	14 00
2	Sugars	8 40
2	Entrée dishes	28 00
12	doz. Dessert and Table knives	28 74
	Spoons, plates and other tableware	122 26
2	Sugars and Creams	7 00
2	Dishes	16 98
	Engraving	9 80
	Plates, spoons and similar supplies	91 15
	Cups, saucers, knives, dishes and similar supplies	101 02
	Total	$2,328 52

Q. The amount opposite each article there represents the amount which the department has paid for the goods?

A. Yes, it represents that after deducting the refund made by Mr. Coghlin.

By Mr. Northrup:

Q. (Referring to statement.) I see here 72 breakfast coups and saucers, the first item.

A. Yes.

Q. The price you claim to have paid is $52.43.

A. Yes, thirty per cent less than the amount charged in the Auditor General's Report.

Q. Then this statement put in by you does not represent the amount the department paid?

A. No, the amount the department paid——

Q. I want a yes or no, and then you can give any explanation you like.

(Mr. Brodeur objected to the witness not being allowed to complete his answer.)

The CHAIRMAN.—I think the examiner should give him time to say all he wants to say on the subject.

Q. There is only one possible answer to this question, or rather two answers, 'yes' or 'no.' I will repeat my question. Is this amount shown here the actual amount that has been paid?

A. That is the actual amount paid by the government.

Q. So far, so good. Now, if you want to, you can give any explanation.

By the Chairman:

Q. What is the explanation of that categorical answer?

A. That, deducting the refunds, is the actual amount paid by the government.

Q. Did not the government in the first place pay the amount shown in the Auditor General's Report, and then since parliament met there was a refund of $1,171?

A. There was a refund of $1,171.87.

Q. Was that in addition to the commission that was previously figured out?

A. That settlement includes all the commissions.

Q. And after this $1,172 had been paid back to the government the statement now put in was prepared crediting against each item a proportionate amount of the original bill put in in the Coghlin matter?

A. Yes.

Q. Who was the officer of the department who certified to it do you know?

A. Well, I have not the accounts before me at present.

Q. Is there any particular official that should have done it?

A. In the department?

Q. Yes?

A. The official that received the goods is the person to certify to the account.

Q. Is it not a fact that Mr. Coghlin is claiming back from the department the $1,100 he paid?

A. I never heard of it.

Q. I do not see any official's name here on the account—that received the goods. (Account produced.)

A. (Pointing to account.) That is the storekeeper.

Q. I do not think there is anything there to show the official that received the goods. Who would be the official in the department that would pass on and order these accounts to be paid?

A. In the department? It would be the deputy minister, in this case, I should think.

Q. You, as accountant, had nothing to do with it?

A. No.

Q. You did not?

A. No.

By Mr. Zimmerman:

Q. The then Auditor General, Mr. McDougal, found no fault with the original bills that were presented?

A. I do not remember him finding fault with the bill. The bill as sent to the Auditor General, was certified, I understand, all right.

By Mr. Brodeur:

Q. Who was looking after the payment of accounts?

A. I was.

Q. Would you pay such an account without the bill being certified?

A. Not unless I got instructions to do so.

Q. These accounts shown to you by Mr. Northrup are the accounts under which payment has been made?

A. Yes, he did not get the whole amount at one time.

Q. You say that these accounts are certified?

A. Yes.

Q. By whom are they certified?

A. By Mr. Gregory, he is the agent of the government at Quebec and the man who received the goods.

Q. Mr. Gregory is an old officer of the department?

A. Yes, and the storekeeper certifies to receiving them too.

Q. As to the goods being received, and Mr. Gregory certifies to the prices?

A. Yes.

Q. How does the certificate of Mr. Gregory read?

A. 'I certify that the above was duly authorized and the prices charged are fair and just.'

Witness discharged.

Committee adjourned.

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

CONCERNING THE ACCOUNTS OF THE

EASTERN RAILWAY AND SUPPLY COMPANY

AND THE

NEW BRUNSWICK PETROLEUM COMPANY

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1906

HOUSE OF COMMONS,
COMMITTEE ROOM, No. 32,
JULY 7, 1906.

The Select Standing Committee on Public Accounts beg leave to present the following as their

ELEVENTH REPORT.

Your committee have had under consideration the accounts, vouchers and other papers relating to a payment to the Eastern Railway and Supply Company, as set out at W—167 and the New Brunswick Petroleum Company, as set out at W—195, of the Report of the Auditor General for the fiscal year ended June 30, 1905, and in connection therewith have examined witnesses under oath, and for the information of the House report herewith the evidence given by such witnesses and the exhibits filed, during the said examination; and your committee recommend that the same be printed.

WILLIAM ROCHE,
Acting Chairman.

HOUSE OF COMMONS,
COMMITTEE ROOM, No. 32,
TUESDAY, April 24, 1906.

Committee met at 10.30 a.m., Mr. Belcourt in the Chair, and proceeded to the consideration of certain accounts of the Eastern Railway and Supply Company, as set forth at W—167 in the Auditor General's report for fiscal year ended June 30, 1905.

Mr. MATTHEW LODGE called and sworn :

By Mr. Barker :

Q. You are Mr. Lodge of Moncton ?
A. Yes.
Q. What is your occupation ?
A. Accountant.
Q. You are an accountant ?
A. Yes.
Q. Have you any other business than that of accountant ?
A. Yes, I carry on a mining brokerage business, sir.
Q. Anything else ?
A. I do some general trading, yes, have some agencies.
Q. You have some agencies ?
A. Yes.
Q. What kind of agencies ?
A. For steel——
Q. I suppose commercial agencies ?
A. Yes.
Q. Selling goods as an agent ?
A. Yes.
Q. Do you sell to the Intercolonial Railway ?
A. Yes, I have sold to the Intercolonial.
Q. You are secretary of companies too ?
A. Yes, I am secretary of some companies.
Q. Will you tell us what companies that deal with the Intercolonial you are secretary of ?
A. I am not secretary of any company that deals with the Intercolonial that I know of.
Q. You are not secretary of any company that deals with the Intercolonial ?
A. Not that I am aware of.
Q. Are you secretary of the New Brunswick Petroleum Company ?
A. I beg your pardon, I am secretary of the New Brunswick Petroleum Company. I thought you were talking about other supplies.
Q. Are you secretary of the Eastern Railway and Supply Company ?
A. No.
D. Do you sign yourself as such ?
A. No. I have signed myself as assistant secretary by power of attorney.
Q. The accounts I am going to ask you some questions about are of that company, the Eastern Railway and Supply Company ?
A. Yes.

Q. We will drop the other for the present. What is the business of the Supply Company—we will call it Supply Company for short ?

A. What is its business ?

Q. Yes ?

A. Any commercial business that comes legitimately to it and that we negotiate for.

Q. And with whom does it deal generally ?

A. I believe that the principal part of its dealings had been with railways.

Q. With railways? And what is the principal railway you deal with?

A. Well, I think you would have to get most of that information from the secretary of the company.

Q. Possibly, but I want all you know ? Dealing with the Intercolonial ?

A. Dealing with the Intercolonial and had some dealings with the Canadian Pacific.

Q. You are assistant secretary by power of attorney for the Supply Company, and that company deals with railways mainly, and among railways chiefly with the Intercolonial?

A. Yes.

Q. When did you become connected with this company?

A. I think it was somewhere in 1903 or 1904—I think 1904.

Q. Where are the headquarters of the Supply Company?

A. In Halifax.

Q. Is it there that it has its stores and warehouses?

A. I presume so.

Q. You have been in Halifax?

A. Yes.

Q. Have you been at the stores and warehouses?

A. I have been at the offices.

Q. Have you ever been at the stores?

A. No.

Q. Nor their warehouses?

A. No.

Q. Don't you ever go there when selling goods to the railways to see what kind of goods you are dealing in?

A. I do not know——

Q. Have you ever heard that they had warehouses?

A. I am not aware that they have. I think their business is chiefly confined to agency and jobbing work.

Q. They have no steel on hand?

A. I say their business is confined to agencies.

Q. Entirely?

A. I think so.

Q. They, like yourself, have no stores; you sell to the Intercolonial for other people?

A. When I can, yes.

Q. Who are the people at the back of this Supply Company besides yourself?

A. Oh, well, the officers of the company do you mean?

Q. The president, and so on?

A. I think Mr. Fred. J. Lordley is president.

Q. Who is Mr. Lordley?

A. He is a gentleman in Halifax.

Q. Yes.

A. And I think he occupies——

Q. What is his business?

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A. I think he occupies the position of private secretary to Mr. B. F. Pearson—I am not speaking from any special knowledge.

Q. You are speaking now as an assistant secretary, as nearly as you can give it. If you are wrong we will allow you to correct it afterwards?

A. Yes.

Q. Mr. Lordley is president, and he is with Pearson?

A. I think he is Pearson's confidential man, private secretary, I think that is his title.

Q. Who is Mr. Pearson?

A. Mr. B. F. Pearson? He is a lawyer in the City of Halifax?

Q. And Mr. Lordley is his clerk, and Mr. Lordley, the clerk of Mr. Pearson, is the secretary?

A. No.

Q. What?

A. I did not say he was secretary.

Q. What is he?

A. I do not know that he occupies any position in the company whatever.

Q. Did he ever?

A. No.

Q. Who was the man for whom you were working?

A. I can get the resolution.

Q. I want your own information.

A. The real secretary to-day is Mr. Schurman.

Q. Who was secretary at the time you came on the scene?

A. Mr. G. Fred. Pearson.

Q. Who is Mr. G. Fred. Pearson?

A. He is also a lawyer in Halifax.

Q. You have mentioned two lawyers, who are they?

A. Which two lawyers?

Q. The two Pearsons.

A. Who are they?

Q. Yes.

A. I think I have explained that they are gentlemen in Halifax. What do you want to know—who is their father?

Q. Yes.

A. I do not know. I think he was dead before I was born.

Q. I thought perhaps he might be connected with the company?

A. I am not aware of it—not in this world.

By the Chairman:

Q. Was he a lawyer, too?

A. I cannot tell you, Mr. Chairman, I had not the honour of his acquaintance.

By Mr. Barker:

Q. Who is G. Fred. Pearson's father?

A. Mr. B. F. Pearson is his father.

Q. Then there is Pearson and Pearson, father and son?

A. Yes.

Q. And Lordley is the clerk?

A. Yes.

Q. And Lordley is President, one of the Pearsons is——

A. Was secretary.

Q. And who is the other Pearson? Is he in the thing at all, or who is he, who is the father?

A. I think Mr. Pearson told me he died some twenty or thirty years ago.

Q. No, the father of Fred ?

A. No, sir, I do not think he has any connection with the company, not that I am aware of.

Q. Is he in the other company, the Petroleum Company ?

A. Yes.

Q. That is where he comes in ?

A. Yes.

Q. This is a sort of family party apparently. It will come out presently how it was you were introduced to the company. We are asking for some papers here with regard to your two companies ?

A. Yes.

Q. And first as to the Supply Company, and the department gave us this information :—

'The Eastern Railway and Supply Company furnished burning oil and I inclose you tender No. 3528, statement in detail of all oil purchased under this contract and also the correspondence regarding same.'

Mr. MACLEAN (Lunenburg).—Is this the Eastern Supply Company that you are speaking of?

Mr. BARKER.—Yes, entirely that.

Mr. FIELDING.—What is this that you quoted from ?

Mr. BARKER.—From the company's general storekeeper.

Q. Now, I find here a tender form issued to the various dealers in oil, upon which apparently the tenders of your company were made, and that is on page 106 of the papers produced. Did you receive a copy of that specification upon which you made your first tender for burning oils ?

A. Yes.

Q. How did you come to receive that, did you apply for it ?

A. We applied for which?

Q. Or were you instructed to apply for it ?

A. We applied for it.

Q. How did you learn that there were going to be tenders for burning oil—you don't deal in it ?

A. I may explain that question by answering it I think in a general way. I have been for several years—for twenty odd years—on the list for specifications on the Intercolonial and have always received the inquiries for tenders.

Q. Yes ?

A. I think that would cover that what you want to know.

Q. That means that they are sent to you ?

A. Yes.

Q. Was it a condition of your tender and of all tenders that they should deposit a marked check for $200 ?

A. Was it a condition ?

Q. Yes ?

A. I have forgotten. You will have to show me the specifications.

Q. 'Each tender must be accompanied by a deposit of $200.'

A. You are reading from the inquiry.

Q. Yes ?

A. Yes, if that was the case that would be done.

Q. You did tender ?

A. Yes.

Q. And I see there were two or three others tendered ?

A. What date are you speaking of?

Q. December 1904, about your first venture for this company.

A. For that company.

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Q. The tenders are given here by the department. The Canadian Oil Company tender and they deposit a marked cheque; A. D. Gall, Petroleum and Chemical Company, Limited, Montreal, tender and they deposit a marked cheque; you tender and you deposit a cheque on the Bank of Montreal in favour of the railway, signed M. E. Lodge, and not accepted by the bank. Do you recollect the circumstances ?

A. I do not. I will have to see the cheque.

Q. You received notice that your tender was accepted ?

A. I did.

Q. And you agreed to furnish oil up to specification at 18 cents ?

A. Was it 18 cents?

Q. Apparently you were the lowest of these three ?

A. Yes.

Q. Did you not deposit your cheque?

A. I did deposit it.

Q. Not a marked cheque—it specifically says it was not marked?

A. Who says that ?

Q. This is from the department, it is official ?

A. Yes.

Q. Do you know who had the contract the preceding year before your tender of December 1904 ?

A. No.

Q. Quite sure you do not know?

A. No, I did not know.

Q. Sure now that you do not ?

A. I am sure I do not—the year before ?

Q. Yes ?

A. No.

Q. You live at Moncton ?

A. Yes.

Q. And are engaged in this business ?

A. Yes.

Q. And don't know who had it ?

A. Not of my own knowledge.

Q. Do you know whether the Imperial Oil Company had it the preceding year?

A. Which Imperial Oil Company?

Q. I did not know there was any other one ?

A. I do not know of my own knowledge who had it. I do not keep track of these things.

Q. How much oil did you deliver ?

A. In the year ?

Q. Yes ?

A. In which year ?

Q. Upon your tender of December, 1904 ?

A. From December, 1904, up to what time?

Q. Up to the end of the contract.

A. Do you mean the fiscal year ?

Q. Under that contract how much did you deliver ?

A. I have not the books of the company here and cannot give it.

Q. Did you deliver all that the railway called for?

A. I delivered all that the railway called for.

Q. At 18 cents ?

A. At whatever the price was. I presume you have the date there in reference to what I delivered.

Q. Yes. At page 404 there is a letter of December 5, 1904, from Mr. Pottinger to

Mr. Palmer, the storekeeper, notifying him that the Eastern Railway and Supply Company of Halifax had got the contract at 18 cents?

A. Yes.

Q. I see here, among the people asked to tender in competition with you was the Imperial Oil Company—I am stating this for the notes ?

A. Yes.

Q. I am reading just what there is here, not asking you to assent to it. The Imperial Oil Company, St. John, N.B., is the post office address. They did not tender, according to their returns ?

A. Did not tender in that year.

Q. No. Your own tender is at page 108, and you signed yourself the Eastern Railway and Supply Company, Limited, per Mr. Lodge, secretary, not as assistant-secretary by power of attorney, but as secretary ?

A. Well, I should have signed the other way possibly, I am not certain.

Q. These things jump to and fro here in the papers. I find here a statement of the oil delivered during the year that you got the contract for, and it is headed thus by the department : ' Statements showing quanties of specification A and B oil '—that is what you tendered for ' supplied by the Imperial Oil Company from December, 1904, to December, 1905, on account of the Intercolonial contract with the Eastern Railway and Supply Company, $27,102.'

A. Yes.

Q. You did not seem to know anything about who these people were ?

A. I did not say that. You asked me if I knew who were the tenderers the year before.

Q. I told you the Imperial Oil Company ?

A. And there are more than one Imperial Oil Company.

Q. You wanted to know whether it was this one you turned the contract over to ?

A. Which one did I turn the contract over to?

Q. I will give you that in a moment. You are asking me. Let me ask you where the other Imperial Oil Company is ?

A. The Imperial Oil Company to which I turned over the contract is in New York. Its President is George G. King.

Q. That is the one that runs through Canada ?

A. Not that I am aware of.

Q. They seem to have an agent at St. John, N.B. ?

A. They have.

Q. According to these papers, here is a letter from Mr. Pottinger, to Mr. Palmer, the storekeeper, December 27, 1904, about three weeks after you got the contract :—

' Dear Sir,—With reference to your letter of the 5th inst., I understand that the contract awarded to the Eastern Railway Supply Company for burning oil required for the use of the Intercolonial Railway for one year has been transferred to the Imperial Oil Company and power of attorney given to them, and we are asked to return to Mr. Lodge his cheque for $200 which was deposited with the tender, as the railway has now in its hands a cheque of the Imperial Oil Company for that amount in connection with the last contract.'

A. Yes.

Q. Now, you see it was pretty clear that the Imperial Oil Company held the contract for the preceding year, and their cheque was lying there as security for them. You have got the new one and deposited an unmarked cheque and within three weeks you transfer the contract to that same person ?

A. You will find if you read that transfer, if you read the original, that was a transfer where I signed as secretary of it to the Imperial Oil Company of New York. I think you will find I am correct in that statement

Committee adjourned.

APPENDIX No. 3

COMMITTEE ROOM No. 32,
HOUSE OF COMMONS,
WEDNESDAY, April 25, 1906.

The Select Standing Committee on Public Accounts met here this morning, the Chairman, Mr. Belcourt, presiding, and proceeded to the further consideration of certain accounts of the Eastern Railway and Supply Company, as set out at W—167 of the Report of the Auditor General for fiscal year ended June 30, 1905.

Mr. MATTHEW LODGE recalled.

By Mr. Barker :

Q. You were sworn yesterday, Mr. Lodge?

A. Yes, sir, I was.

Q. I think when we stopped yesterday, I was asking you about the Imperial Oil Company ?

A. Yes.

Q. Have you had any transactions or negotiations with the Imperial Oil Company ?

A. At what time, Mr. Barker, during this time ?

Q. At any time within the last two or three years ?

A. Yes, I have had some transactions with them.

Q. With whom did you have those transactions ?

A. In reference to this matter ?

Q. Anything at all about oil matters ?

A. I had the transactions through Mr. King of New York, and Mr. Bullock, St. John, representatives of the Imperial Oil Company.

Q. What is Mr. Bullock of St. John ?

A. He represents the Imperial Oil Company in Canada, in St. John, the St. John branch, as I understand it. Mr. King represents the Imperial Oil Company of New York in New York. I believe they are both branches of the Standard Oil Company, I believe they are.

Q. I suppose you are aware that the Imperial Oil Company has a large establishment in Ontario, at Sarnia?

A. Yes.

Q. It is the same concern ?

A. Yes.

Q. Under the wing of the Standard Oil Company, I believe ?

A. I believe so.

Q. Well, now, I see that after you were allotted the tender, for what they call 'burning' oil in December, 1904, you were notified by the storekeeper, Mr. Palmer, that the offer had been accepted, that is, the offer on behalf of the Eastern Supply Company.

A. You have that there ?

Q. Yes, that is dated the 7th of December, 1904, and it is in these words, addressed to the Supply Company, care of M. Lodge, Esq., Secretary, Moncton.

A. Yes, sir.

Q. 'Gentlemen, tender for burning oils, accepted. Your offer to supply this railway with burning oils for one year from this date, at the following prices has been accepted, namely, oil to specification 'A' at 18 cents per imperial gallon; oil to specifi-

cation 'B' at 18 cents per imperial gallon, delivered of course at Moncton. Orders will be sent you from time to time as the oil is required.' I asked you yesterday, we are perhaps overlapping a little but that can be cured in the notes and printing, I asked you yesterday if you had delivered any oil under that contract.

A. Under the contract made?

Q. Yes ?

A. My delivery was made by the people to whom I transferred the contract.

Q. I have not come to that yet ?

A. That was my delivery.

Q. Did you, on behalf of the Eastern Supply Company deliver, yourself, for the Supply Company, one gallon of oil ?

A. What do you call delivery, Mr. Barker ?

Mr. MACDONALD objected that witness had stated that the contract was transferred to the Imperial Oil Company which would make delivery.

Mr. BARKER.—I am asking whether he or his company delivered any oil, whether the Supply Company itself delivered any oil. I am not asking the witness whether his company did it through some other company but whether he or his company themselves delivered one gallon of oil.

Mr. MACDONALD.—Mr. Barker is simply asking a legal question; there is no pretense that the Intercolonial Railway did not get oil under the contract. The question as to whether there was delivery by this company under the contract as Mr. Barker himself knows, as any lawyer well knows, is a question of law and not a question of fact. I do not see upon what principle my friend wants to ask the question.

Mr. BARKER.—I am going to ask the other question in a moment. What I want to ask now is whether this Supply Company itself delivered oil ?

Mr. MACDONALD.—The question we want to find out is whether or not the railway got oil under that contract and whether the contract was filled substantially and fairly. I do not think we are called upon to go into the technicality of who made delivery.

By Mr. Barker:

Q. Do you object, Mr. Lodge, to say as a fact, whether the Supply Company deliver oil itself ?

A. Mr. Barker—

Q. I ask you do you object to saying ?

A. Well, if you do not care for my answer——

Q. I ask you to answer my question, not go on to argument.

Mr. FIELDING.—The witness has not got any farther than to say 'Mr. Barker.' That is not argument, surely.

A. Your question, Mr. Barker, would lead up to 'what did you deliver.'

By Mr. Barker:

Q. I knew that you were going to talk delivery. I appeal to the chairman if that is an answer to my question. I asked a plain question of fact, 'Did the Supply Company itself deliver one gallon of oil under that contract.'

A. Mr. Barker, I will ask you a question——

The CHAIRMAN.—You had better not ask questions, Mr. Lodge, but content yourself with answering. That will be quite enough. I think it is a fair question, and I think that Mr. Barker is entitled to an answer.

A. Well, my answer is this, Mr. Chairman, that our delivery of oil under our contract was through the Imperial Oil Company, from whom we purchased our oil. That is the only answer.

By Mr. Barker:

Q. And that is the transaction?

A. That is the transaction.

Q. Under your oath you state that as an actual fact?

A. That is the fact, sir.

Q. I now read from the heading at page 68 a 'statement showing quantities specification "A" and "B" oils supplied by the Imperial Oil Company from December, 1904, to December, 1905, on account I.C.R. contract with Eastern Railway Supply Company.' Do you know how much that amounted to?

A. I have not the figures with me, Mr. Barker.

Q. I did not ask you if you had the figures; do you know?

A. I would know if I had my figures with me. But I do not know from memory.

Q. You answer you do not know?

A. I do not know from memory at all.

Q. This account states that the amount of oil delivered by the Imperial Oil Company under the contract was $27,102.50; is that the figure as you recollect it?

A. I think that is about correct, yes.

Q. Did you ever have a statement furnished you of that?

A. I have my own statement.

Q. Did you ever have the statement furnished to you of that amount of money for oil delivery?

A. Yes.

Q. By whom?

A. By the Imperial Oil Company.

Q. Have you got that?

A. Yes.

Q. Where is it?

A. I think it will be in the office in Halifax.

Q. In your office?

A. In the Supply Company's office.

Q. Was it furnished to you?

A. I do not remember at the moment.

Q. You said a moment ago it was furnished to you?

A. I am speaking for the company now.

Q. I asked you if you were ever furnished with that statement showing that that quantity of oil, representing all that money, was delivered to you?

A. Personally I do not think it was delivered to me.

Q. How did you learn that the company, the Imperial Oil Company, supplied the I.C.R. with $27,102.50 worth of oil?

A. You told me yourself a few moments ago.

Q. Yes, but I asked you if it was according to your recollection that that amount had been supplied?

A. I think it was.

Q. Now, you do not recollect that the statement was given to you?

The CHAIRMAN.—I think Mr. Lodge said it was not delivered to him personally, but was sent to the company.

By Mr. Barker:

Q. How does it come about that the Imperial Oil Company began the delivery of this oil on your tender?

A. Because I had made my arrangements with the Imperial Oil Company to deliver it.

Q. Before or after you had tendered?

A. Before.

Q. Before you had tendered?

A. Yes.

Q. Whom did you see about it?

A. Mr. King, of New York.

Q. Did you see Mr. Bullock?

A. No, sir.

Q. Only Mr. King; where did you see him?

A. In New York.

Q. Did you go there on this account?

A. I cannot say that, because I am there often, in New York.

Q. Are you aware that the Imperial Oil Company had, at the time you went to see Mr. King, a contract with the I.C.R. for the delivery of oils for the year 1903-4?

A. I possibly might have been aware of it at the time.

Q. But you do not recall it?

A. I do not recollect, no.

Q. When you went there, what was your object, to get his authority to bid for him?

A. Mr. King's ?

Q. Yes?

A. My object would be to see how cheaply I could buy my oils from him for the government.

Q. That was your object ?

A. Yes.

Q. Did he say he was going to bid himself ?

A. I am not aware he did.

Q. Are you aware he did not?

A. No, I am not aware that he did not; probably he would not bid if he gave me a figure.

Q. You did know he then had an existing contract ?

A. I did know?

Q. Yes?

A. I did not say I did. I might possibly have been aware.

Q. Did you ascertain from the railway before you went down from Moncton that he had a contract then for the delivery of oil ?

A. I am not aware that I did.

Q. You are not aware that you did?

A. No, that would not concern me at all.

Q. How did it happen that you knew Mr. King was the man to go and see about this ?

A. I knew he dealt in oil, that he was the head of the oil company. I had known King for a good many years.

Q. You did not know that he was at that time, and had been for a good many years, delivering oil to the Intercolonial Railway on his own account ?

A. I do not think that he was.

Q. You do not think he was ?

A. No, sir.

Q. At all events you agreed with him as to the price he was to charge you for the oil?

A. I made my arrangements with him.

Q. Did you agree with him as to the price to charge for the oil ?

A. I made my arrangements.

Q. Did you agree with him as to the price he was to charge you for the oil, I want your answer ?

A. How do you want that answer?

Q. I want yes or no ?

A. I think I have answered it .

Q. I want an answer. You said you had made your arrangements, I want to know did you agree with him as to the price he was to charge for the oil ?

A. I made my agreement with Mr. King, yes.

Q. I want to know if you agreed with him as to the price you were to be charged for that oil ?

A. Well, I do not know, Mr. Chairman, I think I have made my answer to Mr. Barker.

Mr. BARKER.—This is a business question and the witness can say whether he did agree with Mr. King as to the price he was to charge for the oil.

Mr. MACDONALD.—Mr. Barker knows that the answer is perfectly good.

Mr. BARKER.—It is perfectly good as far as it goes, but it does not answer the question.

Mr. FIELDING.—I understood the witness to answer your question affirmatively.

Mr. MACDONALD.—Why does not my friend ask the question frankly, 'what was the agreement' ?

Mr. BARKER.—Did you ascertain from Mr. King the amount at which you could get oil from him for?

WITNESS.—I do not think I am here to answer as to what my agreement with anybody was, or what the prices were.

Q. I am not asking you that, did you ascertain from Mr. King what you could get the oil for?

A. I do not think that is pertinent to the subject, unless the Chairman says so.

The CHAIRMAN.—I think it is a proper question.

A. I made my arrangement with Mr. King as to the price.

Q. Was it in writing ?

A. I think it was verbal.

By Mr. Barker:

Q. Did you arrange with him what the price to you should be ?

A. What the price should be ?

A. Of the oil to you ?

A. The price per gallon or the price per barrel.

Q. I do not care how, barrel, tank or gallon. Did you arrange with him as to the price that you would pay for your oil ?

A. I made my arrangements as to my commission for sales as a manufacturer's agent.

Q. That is what you did ?

A. Yes.

Q. Was he to deliver oils to the company ?

A. He was to deliver oils to the company, yes.

Q. You simply drew the commission ?

A. Yes.

Q. You did not deliver this oil, or your company ?

A. I think you discussed this matter before.

Q. You did not buy it from him yourself and yourself deliver the oil, did you?

A. No, you have the papers there showing how it was done.

Q. How soon after you got this tender did you inform him that you had succeeded in getting the tender ?

A. How soon afterwards?

Q. How soon after the acceptance of your tender did you notify him that you had the contract?

A. I presume I would write him immediately.

Q. Have you that letter?

A. I have not, havn't it here.

Q. Did you get a lump sum for turning over the contract to them, or did you get a commission per gallon?

A. I got a commission on the year's business.

Q. A lump sum commission?

A. Yes.

Q. On the whole contract?

A. Yes.

Q. Have you any objection to telling me what it was?

A. I have.

Q. Why?

A. I do not think it is pertinent to the examination.

Q. Do you mean it would reflect upon you in any way?

A. Not at all, I do not think my commissions, and my business should be made public.

Q. You forget it is not your commission, it is the Supply Company's?

A. Well, you were talking to me personally a while ago, therefore I presume you were continuing on that way.

Q. I did talk to you personally about the interviews with this gentleman, but the Supply Company's commission is not yours?

A. Kindly mention whether you mean the company or myself in your questions.

Q. Did you agree upon a price per gallon?

A. You have my answer to that, the reporter has it there.

Q. You will not tell us what the amount was?

A. I did not tell you, no.

Q. Will you tell?

A. I do not think I am called upon to tell.

Q. Are you willing to tell it?

A. I am not willing unless I positively have to.

Q. Very well, I am satisfied with that.

A. That's all right.

Q. I will read now a letter of December 27, 1904, from Mr. Pottinger to Mr. Palmer:—

'C. R. PALMER, Esq.,

'DEAR SIR,—With reference to my letter of the 15th instant, I understood that the contract awarded to the Eastern Railway and Supply Company for burning oils required for the use of the Intercolonial Railway for one year has been transferred to the Imperial Oil Company, and power of attorney given to them.'

Was that given by you?

A. I think you will find it was.

Q. 'And we are asked to return to Mr. Lodge, his cheque for $200 which was deposited with the tender, as the railway has now in its hands a cheque of the Imperial Oil Company's for that amount in connection with the lost contract. Will you please let me know about the matter?'

The government have not been good enough to tell us what the reply was, but I believe you got the cheque back?

A. I presume so.

Q. Have you any doubt?

A. I have no doubt, the government always does business straight.

Q. You, having transferred the contract to the Imperial Oil Company, asked for your cheque back?

A. I presume I did, it was in the natural course of business, Mr. Barker.

Q. With whom did you make that communication, with Mr. Palmer?

A. I think probably it would be to the General Manager, Mr. Pottinger.

Q. He simply says: 'I understand the contract.' Do you recollect whether you made that application to Mr. Pottinger or Mr. Palmer?

A. I cannot recollect, my letter book will probably show.

Q. Did you advise the Supply Company at Halifax, as to what you had done?

A. I presume I would do so, that would be the regular way.

Q. Would you tell them what the profit on the transaction was to be to them?
A. Possibly.
Q. I suppose it is almost a certainty, is it not, that you did?
A. It would be a certainty, yes.
Q. Did you go down to Halifax to see them about it?
A. Not that I am aware of.
Q. If you did not, it would be in writing?
A. Yes.
Q. Have you letter books?
A. I have.
Q. I suppose the head office is in Halifax and they would have your letter?
A. I presume so.
Q. Did you receive anything on that contract individually?
A. For the company, or individually?
Q. Individually?
A. Oh, I have received it for the company.
Q. But I ask you, individually, as secretary you might receive it on the contract, but have you individually received anything?
A. I received it for the company.
Q. Nothing else?
A. Nothing else.
Q. You received nothing for yourself on that contract?
A. No.
Q. In any shape or form?
A. It would go into the company's account.
Q. Did you yourself receive anything in connection with making that contract?
A. I did not.
Q. You did not? How was this commission paid down, before delivery?
A. I think not. I think that delivery was made before the commission was paid, that is the usual way.
Q. Part of it?
A. Yes.
Q. But did the commission, or whatever you choose to call it, was it held back and not paid until the oils were delivered, or was it paid shortly after the arrangement was made with Mr. King.
A. The arrangement I did make, as you asked me a while ago, the commission would be paid in a lump sum.
Q. Shortly after the arrangement?
A. I think shortly after the arrangement.
Q. And then they went on delivering?
A. Yes, sir.
Q. Was it paid through your hands?
A. I think it was through my hands, that is my present recollection.
Q. By cheque?
A. I would not say that, I have forgotten whether it was cash or cheque.
Q. Can you recollect whether the person who paid you came to you, or did it come from New York to St. John?
A. I think it was forwarded to me.
Q. Then possibly it would be a cheque or draft?
A. Possibly.
Q. When it came to you, did you cash it at Moncton or send it on to Halifax?
A. I could not tell you from memory just what I did with it.
Q. Can you tell me whether it was payable to your order?
A. It may have been as I was making the negotiations.

Q. Do you know anything about the wheelbarrow contract ?

A. What wheelbarrow is that ?

Q. The contract that your company had?

A. Is there one there?

Q. Yes?

A. What does it say about it ?

Q. I am asking you about it at present. Do you know anything about it?

A. I think we made a tender for wheelbarrows, yes.

Q. Do you know what that was ?

A. I do not know the date.

Q. I am inclined to think it is only fair to tell you that it was before you became secretary. It was in June, I believe, and you got in about November or December?

A. Probably.

Q. I only thought you would have some record of it.

A. No.

Q. I have here a letter of the 9th July, 1904, from Mr. Palmer, general storekeeper to the Eastern Railway and Supply Company, 45 Sackville Street, Halifax, N.S. I suppose that is the post office address?

A. That is the post office address.

Q. 45 Sackville St., is it a warehouse ?

A. It is an office building and stores in Halifax.

Q. Is it a law office?

A. 45 Sackville ?

Q. Yes.

A. It is Mr. Pearson's office.

Q. This letter was addressed to the Railway Supply Company there:

'GENTLEMEN,—I enclose order for wheelbarrows awarded you by contract, was mailed you from this office on the 14th of June, addressed to the Eastern Railway and Supply Company, Halifax, N.S., which seems to have been unclaimed and sent to the dead letter office and was returned to me this morning. Trusting it may reach you O.K. with the present address and that you will be able to fill the order promptly.'

Then there is a reply to that on the 20th July from 45 Sackville St., Halifax, signed 'Eastern Railway and Supply Co. per E. Fred. Pearson, secretary.' That is the gentleman you mentioned yesterday, one of the barristers ?

A. Yes, that is the gentleman I mentioned yesterday.

Q. He says this, it is addressed to Mr. Palmer, the storekeeper :

'Referring to your favour of the 9th instant *re* wheelbarrows, we regret that we did not receive the letter of the 14th of June. We had made arrangements for furnishing the barrows, and we now find that owing to the delay in receipt of the notification that our tender had been accepted, our people will not be able to supply the wheelbarrows at once, and we therefore wrote you to prevent any further delay. We regret the delay that has occurred and it is entirely due to the stupidity of the postal people here.'

I read that without any reflection upon the intelligence of Nova Scotia.

Then the next letter is from C. R. Palmer from a general storekeeper, to Mr. Pottinger, that is dated the 22nd of October, 1904:—

'Tender No. 3431 for wheelbarrows. I am returning you herewith tender 3431 for wheelbarrows. The Eastern Railway and Supply Company, after delaying us a long time for these wheelbarrows, notify us now that they cannot fill the order, as their tender was too low. Nos. 3, 4 and 7 are the same price. Will you please have it awarded to one of these firms and return the tender as soon as possible.'

So that your company did not supply the wheelbarrows ?

A. Excuse me, go on and finish the story.

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Q. They did not provide them until October, then they got them. It was immediately after that they wanted a new secretary and then got you.

A. Me ?

Q. Was it not?

A. I think you are drawing the long bow now.

Q. Was it not immediately after that that they got Mr. Lodge at Moncton where the railway headquarters are, to become their secretary, and have you not acted ever since ?

A. I think I acted before that.

Q. No, I think not.

A. Well, that has nothing to do with the question.

Q. Was it shortly after the wheelbarrow fiasco that you came in ?

A. I do not know that there was any fiasco about it, we delivered the goods.

Q. Was it immediately after that you came in as secretary ?

A. I could not tell you, you have the papers there, and you might refresh my memory.

Q. The first I find that you came in was about the sale of some steel, you sold some steel, did you not ?

A. I think so.

Q. You did not deal in steel, you had not any stock of that kind of material on hand?

A. I do not have to carry a stock.

Q. I find a letter here from you to Mr. Palmer on the 5th December, 1904, it is from the Eastern Railway and Supply Company, Limited, and is signed 'M. Lodge.'

'We are pleased to quote you on Styrian tool steel of the highest quality, what is known as "Bohler Rapid" highest speed steel at seventy-five cents per pound.'

There are a lot of details there which I need not go into regarding sizes, &c., &c., and it concludes :

' Trusting we may receive your order at an early date, we remain.'

Then you appear to get orders on that which was preceded by a request from Mr. Palmer to you.

'Will you please quote me price delivered here for the following quantities and sizes of the above named steel.'

Can you tell me who supplied that steel, I mean who actually supplied it?

A. You mean the actual delivery ?

Q. You are only, I do not want to use the language offensively, but you are the go-between, the intermediary, you did not deliver it yourself?

A. I am the manufacturer's agent, as every railway man knows.

Q. From whom did you purchase it ?

A. I purchased the steel from Houghton & Richards, of Boston.

Q. Then you delivered this yourself ?

A. I made delivery of it, yes.

Q. The same as the oil?

A. No, I think I made direct delivery of this myself.

Q. What amount of this Styrian steel did you deliver that year ?

A. I have not the figures with me, Mr. Barker, you have them there.

Q. They say here, that is the railway company, the Intercolonial Railway, say that you delivered $7,910.66.

A. Up to what date would that be ?

Q. To December, it is for the year 1905.

A. 1905 ?

Q. $7,910.66; were all the orders sent to you from month to month ?

A. I think they would be addressed to my office, that is my recollection of it.

Q. Are you not quite sure ?

A. Well, there might possibly have some gone to Halifax, but I think they would be ordinarily addressed to the Eastern Railway and Supply Company, but I think that in that case I ordered that they be addressed personally to me.

Q. That is the way from month to month, did they always go through your hands?

A. I think they always went through my hands.

Q. In that case you did not get a lump sum commission ?

A. No, in that case I made a straight purchase and sale.

Q. You purchased at one price and sold at a profit, of course?

A. That is the way I do business.

Q. I suppose you would object to tell us your profit, do you object?

A. I do not think it is hardly fair, Mr. Barker, to ask these things.

Q. Well, I did not know whether you would have any objection to telling what you got out of it or not ?

A. I work on a very small commission.

Q. Did you continue that contract after December, 1905 ?

A. I will continue that contract as long as they continue to give me orders, yes, sir. I think it is still in existence.

Q. It is still going on ?

A. Yes.

Q. Through whom do you deal, from whom do you get the orders ?

A. They come from the storekeeper.

Q. Always from Mr. Palmer; is he the present storekeeeper ?

A. No, he is not.

Q. Who is ?

A. Mr. Taylor.

Q. Did they come from Mr. Joughins ?

A. Yes.

Q. The orders ?

A. They would come from the storekeeper, that is the regular way. I think Mr. Joughins in this case, must recommend, as he does in other matters.

Q. He would say 'I want so much steel,' and you would get the order from the storekeeper ?

A. That is the regular course of business.

Q. There was no competition for that?

A. For the steel?

Q. Yes.

A. I do not know. That steel was sold in this way as all these high steels are sold under test, and they run at various prices, as you are aware, no doubt, having a good deal to do with them in former years, they are always sold on test. We made a test on the Canadian Pacific Railway and Grand Trunk and the Intercolonial, and after a long test they took it at the same price they had previously been taking steel for.

Q. But, as a fact, there were no tenders asked for?

A. I do not think so in that case, because they do not ask for tenders for that class of goods.

Q. You were simply asked by the storekeeper to quote prices?

A. Yes.

Q. That is all?

A. Yes.

Q. On page 5 of the return, Mr. Taylor, the present storekeeper, says 'Styrian steel: I inclose a statement of all steel purchased to December 31, 1905, and also copies of the correspondence regarding the price of the high speed steel. There were other grades of this Styrian steel purchased, but no special arrangement was made regarding prices, all this steel was ordered on requisitions signed by Mr. Joughins, specifying "Styrian."' You say these orders came through the storekeeper?

A. The requisition you see for all supplies comes from heads of departments to the storekeeper.

Q. Well, there is $7,910 there. Now what is Mr. Joughins?

A. I think his title is Mechanical Superintendent, or Superintendent of Motive Power, I think it is.

Q. He deals with locomotives, repairs and things of that kind?

A. Yes.

Q. That is going on still, the contract, will you tell me how that came to be continued?

A. The contract?

Q. Yes?

A. I do not know why they continued it, except that it was because they were getting a good article, getting what they wanted.

Q. Then you had a contract in the same year for belting, leather belting, did you not?

A. Yes.

Q. For whom did you act in that?

A. The J. C. McLaren Belting Co., of Montreal.

Q. I mean you are still acting for the Supply Company?

A. Yes, but I thought you wanted to know from whom I got the belting.

Q. Yes, that is quite right. You were acting for the Supply Company in that, and you dealt with the J. C. McLaren Co.

A. Yes.

Q. Did you tender for the belting in 1904?

A. I did.

Q. In the name of the Supply Company?

A. I think so.

Q. I see here, there are about, I should think, 20 competitors for that contract, so you took your chance for that, do you remember what your price is or what the discount was?

A. To the Intercolonial?

Q. Yes?

A. I think it was 55-10-5 or 55-10-10.

Q. It says here 55-10-5.

A. That is right then.

Q. 'Best oak leather belting' and the prices were quoted from the standard list of prices, and the competitors made their competition in discounts, is not that the way it is done?

A. Yes.

Q. You had bid 55-10-5 off and another man might bid something else, that is the system biading for prices?

A. Yes, on the standard list.

Q. And you got that contract?

A. Yes.

Q. Do you recollect how much was delivered under that?

A. No, Mr. Barker, I do not recollect the figures, I cannot carry them in my head.

Q. Did you ever know?

A. I do not think I ever inquired, really, I do not know that I ever asked.

Q. How did you deliver under that, did you get the McLaren Belting Co. to sell to you, or did you just turn over that contract to him and take the profit?

A. Turned the contract over to McLaren who made his deliveries. The business was done through the office in Halifax. That is where the invoices and collections were made.

Q. Was it a lump sum profit to you?

A. No, it was commission.

Q. Commission on orders?

A. Yes.

Q. The McLaren Belting Company are Montreal people, are they not?

A. Yes.

Q. I suppose they could tender direct, could they not?

A. I presume they could have, I do not know whether they did or not.

Q. Have they ever been delivering this belting, do you know, before this contract?

A. Did McLarens deliver?

Q. Yes?

A. Yes, they did deliver belting a good many years ago, a great deal, I believe. I think they have always been delivering more or less.

Q. You understand this commission business, which is the best offer for the buyer, your discount of 55-10 and 5 or 60-10 ?

A. It all depends upon the class of goods he is getting.

Q. Supposing there was $100 worth of goods and you take off 55-10-5, what would that come to net, can you tell me in a minute ?

A. I could figure that out if I had paper.

Q. As a supply agent you could do that without a piece of paper, you know.

A. Well, it will come to a little less than 45 per cent of the net bills.

Q. That would be the first discount ?

A. Yes.

Q. Then there is the 10 per cent off the 45 ?

A. And of 5 off the 10.

Q. Which is the better for the buyer, 60-10, or 55-10-5?

A. The 60-10 if he gets the same goods.

Q. For the railway ?

A. If it is getting the same goods.

Q. Well, I see here, E. Kavanagh, of Montreal, bids on 'J.C.'; there is no 'J. E.' McLaren ?

A. There is a 'D. K.' McLaren.

Q. But it is 'J.C.'—'C.' over 'E.' , I think. J. C. McLaren Belting Company, Kavanagh & Co., of Montreal, bid on the standard list with 60 and 10 off. Was not that better for the railway company than your bid?

A. I do not think that Kavanagh & Co. bid on J. C. McLaren goods.

Q. I only know what is here, that Kavanagh & Co. bid on the J. C. McLaren Belting Co.

A. Have you that there?

Q. Yes.

A. Is it J. C. McLaren?

Q. Yes.

A. If Kavanagh made that tender he had no authority to make it.

Q. That is another question, I do not know that you had authority to tender for McLarens, you could quote his goods the same as I could ?

A. Yes, but—

Q. He sent in 60-10 discount, which is better than 55-10-5, that is what I say ?

A. You are aware that it is.

Q. I am aware, but I am not giving testimony. It is better for the buyer, is it not?

A. Yes.

Q. So there is J. C. McLaren and there are two or three others who are bidding on J. C. McLaren's goods and Kavanagh's bid was better than yours ?

A. As you read it, yes it would be a better bid.

Q. But you got the tender. Now I see a return here at the end of the year the

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McLaren Belting Co., or the Supply Company were reported to have given belting that netted at net prices $6,422.33 that season ?

A. Yes, is that there ?

Q. Yes; have you any objection to tell what your company got on that?

A. I do not think it is necessary, Mr. Barker.

Q. That contract is being continued too, is it not?

A. The belting contract ?

Q. Yes.

A. To the best of my knowledge it is.

Q. There was no new competition, it was just continued.

A. Just continued, that is what I understand.

Q. Are you getting a commission on the continuance ?

A. Yes.

Q. No effort made to see if Kavanagh would not give 60-10 as far as you know ?

A. I do not know anything about that.

Q. Did you make any effort to get this contract renewed, this one that went on into 1906 ?

A. You are speaking of the belting contract ?

Q. Yes.

A. I wrote to the department to ask for a renewal, I think, that is my recollection.

Q. To whom did you write, the storekeeper or Mr. Pottinger ?

A. No, I think I wrote to the department at Ottawa, that is my recollection of it.

Q. But there is a manager of the road at Moncton ?

A. Yes.

Q. And storekeeper Taylor is there ?

A. Yes.

Q. And Mr. Joughins is there who handles the belting ?

A. Yes.

Q. You did not write to any of these people ?

A. I do not recollect now, Mr. Barker, I cannot say from memory. I do not keep these things in my head.

Q. But you do recollect communicating with the department at Ottawa?

A. I think I said that was my impression.

Q. I think that is probable from what I have seen just now. I suppose you have seen these papers since yesterday ?

A. Not these papers, I saw the returns.

Q. I will read a letter from Mr. M. J. Butler, who is he ?

A. The Deputy Minister of Railways and Canals.

Q. He is at headquarters here, at Ottawa.

A. Yes.

Q. This letter is written at Ottawa, October 11, 1905, by Mr. Butler.

He says 'Dear Mr. Joughins,' that is the gentleman who is at the head of the Mechanical department down there ?

A. Is that my letter you say?

Q. No, this is Mr. Butler's letter, I am asking you whether Mr. Joughins is the gentleman at the head of the locomotive department?

A. Yes sir.

Q. 'Dear Mr. Joughins,—If you require any additional belting for the coming year will you be kind enough to order your supply from the G. C. McLaren Belting Company, who, I understand gave satisfactory results last year. You understand of course, that belting is same price from all manufacturers, the only question being that of quality, so that there never is anything to be gained by asking special prices as they all quote alike. Yours very truly, M. J. Butler.' Was that the result of your application to headquarters ?

A. Well, possibly,

Q. Possibly, it was ?

A. Possibly, yes.

Q. Well, that is rather vague, do you not think that it is more than possible, do you not know it to be the result of your application to headquarters ?

A. I would like such result as that to all applications I made.

Q. I did not ask you what you would like, I am afraid that would be a rather broad and wholesale business. Do you not know that is the actual result of your application ?

A. I would say yes, to cut it short.

Q. I wish you would be always prompt as that You know what is stated in that letter is true do you not ?

A. No sir.

Q. You do not.

A. No.

Q. Is there never any competition for leather belting ?

A. There is competiton as to the quality, always, that is what Mr. Butler mentioned.

Q. Is there never a competition as to price?

A. Perhaps there may be a difference in quality the same as Mr. Butler states.

Q. There is no competition even as to the same quality ?

A. I think you will find that letter is exactly correct.

Q. You think it is ?

A. Yes.

Q. Now take these tenders, there is a whole sheet you see, of tenders?

A. Yes.

Q. And we have several tenders for the same kind of belting. We have several tenders for D. K. McLaren, for example, dealers even compete against McLaren himself?

A. That is very often the case.

Q. But they are competing, that is they vary the inducements they offer off the standard list prices, how do you explain your statement that there is no competition in prices ?

A. The agent may quote lower prices and while the manufacturers maintain the price, a trust price, among themselves, that is something I know nothing about. But I think that is the case in many articles that there is an understanding as to prices among manufacturers, I could not go into that.

Q. From your knowledge of the business would you suppose that the railway companies' officers would not accept Kavanagh's bid because it was a breach of trust, that he was breaking the price by offering it at less than he ought to offer ?

A. I do not know anything about that.

Q. You are familiar with these things ?

A. Not very.

Q. You say there is some sort of a trust or combine in this business ?

A. I do not say that, but I say they fix, they combine to fix prices, the manufacurers do and I presume that is what Mr. Butler means in his letter.

Q. But you could have told him better than that, you had to compete for this thing but you seem to have had the inside track, because you were not the lowest as far as I can see ?

A. There was competition you know.

Q. Did you tell him in your letter that there was no competition?

A. I would have to have my letter, I cannot say what I told him.

Q. I suppose that is in the department here ?

A. I presume so.

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Q. It was written officially to him ?

A. Yes.

Q. He has not produced that letter ?

A. Has he been asked to ?

Q. Yes, everything.

A. I suppose it is there, no doubt it is, if I wrote a letter it will be there.

Q. Do not get on to 'ifs,' you were pretty clear about it?

A. Not so clear, I said my impression was that I wrote to the department. If the letter is there you will get it I have no doubt.

Q. Now, this was your first start for this Supply Company, these transactions you have been going over ?

A. My first start in business do you mean ?

Q. No, for the Eastern Railway and Supply Company ?

A. Yes, that is the case.

Q. And the results seem to have been that in one short period you received for burning oils $27,120.50; for Styrian steel, $7,910.66; belting, $6,422.33, or a total of $41,435.39, and the gentlemen that are incorporated in this company are a couple of lawyers in Halifax, that is the fact is it not ?

A. Do you mean to say that lawyers are bad people by using the expression 'a couple of lawyers' ?

Q. I have known very bad lawyers in every sense ?

A. Are you one ?

Q. But I want the facts, you got that amount of business in one month ?

A. In one month ?

Q. All about December, apparently ?

A. $41,000 in one month?

Q. You got contracts for that ?

A. Oh, contracts ?

Q. $41,439.39, no; it may have been two months, but it was immediately after you became secretary ?

A. But that is rather a mis-statement of facts, Mr. Barker, that I got that amount in one month. If you were selling to a railway you would like to sell $41,000 in one month.

Q. But when you secured that amount of business in one or two months at the outside ?

A. No, that went over the year.

Q. But you got the contracts for this in one or two months ?

A. A man may get a contract for one or two millions up here in one day.

Q. Do you know where this Company was incorporated

A. Yes sir.

Q. Where ?

A. In Newfoundland.

Q. It was not in the Island of Guernsey this one ?

A. No, this was in Newfoundland.

Q. Who is Mr. Lordley?

A. I think I told you yesterday.

Q. He is a clerk in Pearson & Pearson's office is he not?

A. I think I told you yesterday about that.

Q. And Mr. G. F. Pearson is a son of the senior Pearson, and I can tell you, you probably know it, they subscribed three shares of $100 apiece, that is a fact is it not ?

A. Did they ?

Q. Yes, tell us who is the president of your company ?

A. Of which company ?

Q. The Eastern Supply Company ?

A. Mr. Lordley, I think.

Q. The clerk in the law office is president ?

THE CHAIRMAN.—That is a good name for a president.

Mr. BARKER.—Very good, and his master, the barrister, is the secretary, apparently.

A. I think Mr. Pearson was the secretary, you have it there.

Q. But I understood you yesterday that you were only the assistant secretary

A. I was given a power of attorney to act.

Q. For the secretary ?

A. Yes, so that I may enter goods at Moncton as they come in.

Q. You are not the formal secretary, you simply act under a power of attorney from the secretary ?

A. Yes.

Q. So that a clerk in an office is president, and the secretary is his master, the barrister, is that the case ?

A. That is what you have stated.

Q. I ask you is that the case ?

A. I do not know that Mr. G. F. Pearson is his master, I consider it is B. F. Pearson.

Q. But they are in partnership as barristers?

A. Yes, Pearson & Pearson, possibly, you will be correct in that statement.

Q. And in addition to this $41,000 for the first 12 months, what are the prospects so far about the next year ? Are you going to do just as well as you began ?

A. I expect to go on, sir, till I am claimed up above.

Q. I am not speaking of you individually, but as a supply company you are going on with this in the current year.

A. Am I going on?

Q. The company ?

A. Is that of interest to you whether I am or not ?

Q. It is of interest to the country, are you going on in addition to this $41,000 ?

A. I certainly shall as long as I can get contracts from the railways or anybody else.

Q. Are you still, as a matter of fact, delivering under these contracts ?

A. Yes.

Q. Tell us what other contracts you have besides those we have hit on here?

A. You have hit on them all as far as my knowledge goes.

Q. Is this the only company you are acting for ?

A. You asked me that question yesterday.

Q. I meant outside the New Brunswick Oil Company, we will come to that presently.

A. With the railway?

Q. Yes ?

A. Yes, I think that is the only company.

By Mr. Macdonald :

Q. Who is Mr. B. F. Pearson ?

A. Mr. B. F. Pearson is an attorney at Halifax.

Q. Is he well known ?

A. He is a man who is known in the country pretty well.

Q. Known all over Canada ?

A. Yes.

Q. He is a director in the Dominion Coal Company and in the Dominion Steel Company ?

A. Yes.

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Q. He is well known throughout the Maritime Provinces as having been the first man to promote and encourage those enterprises ?

A. Yes.

Q. He was a member of the Nova Scotia Legislature?

A. Yes.

Q. He is also interested in other industries ?

A. In a large lumber company, the Estates Lumber Company, I think they call it.

Q. Mr. G. F. Pearson is his son, as has been stated, and is a barrister of the Supreme Court in Nova Scotia?

A. Yes, and a partner.

Q. This Mr. Lordly is well known all over our province ?

A. To the best of my knowledge.

Q. As to his connection with the Pearson's office?

A. To the best of my knowledge he is.

Q. What is the primary business of the Eastern Railway and Supply Company generally?

A. The primary business ?

Q. Yes.

A. It is as manufacturers' agent.

Q. To try and secure contracts for, sell and deliver goods of various kinds to railways ?

A. Yes.

Q. And to other institutions ?

A. To other institutions.

Q. To coal companies or industrial institutions of any kind ?

A. Yes.

Q. Mr. Pearson has connection with a great many other companies, doing business throughout Nova Scotia.

A. Yes, a great many.

Q. Now I would understand from Mr. Barker's examination that he wanted the committee to believe that this method of selling supplies to the railways was anomalous and an unusual method, that is, the sale through an intermediary or agent ?

A. I inferred that is what he was driving at, yes.

Q. What have you to say as to the practice ?

A. Well, the practice of selling through a manufacturer's agent to railways in particular is carried on in all parts of the world. As a matter of fact, Mr. Barker himself knows that the greater part of all the railway supplies is sold through a manufacturer's agent.

Q. How about the large Canadian companies?

A. To the large Canadian companies the sales are principally through the manufacturer's agent.

Q. So that the large Canadian companies—

A. Purchase that way, yes.

Q. Now in regard to this question of oil I find that in looking over the Auditor General's report for 1904, that the Imperial Oil Company sold to the government special 'A' oil 61,000, at 19½c.

A. That was prior to my contract.

Q. That was prior to your contract. Is that the same character of oil that was sold under your contract at 18c.

A. The same specification 'A' and 'B' has been carried through for some years, with the Intercolonial, but in our tender you will find, if you look at the papers before the committee, we made a special offer of a higher grade than 'A' and 'B.' Our reason for doing that was that we had been informed there had been some trouble with 'A' and 'B' specification, it did not come up to their requirements. I think if you look

at the papers you will find that in our tender or letter to Mr. Pottinger, we made a special offer as to the heat and other qualities.

Q. Of course, and what you want to say about this is that the offer you made in 1904-5 was for a better quality of oil than had been delivered previously?

A. Yes, a higher grade of oil.

Q. Then with respect to the oil in 1903-4 the 51,844 gallons at 19½c., that I see was the price paid in that year, you say that the oil delivered under your contract was of a higher grade oil and that the price was only 18 cents?

A. 18 cents.

Q. In other words, the country, or the department, received oil of a higher grade under your contract at 1½ cents per gallon less than was paid in previous years?

A. Yes, according to that statement there.

Q. Well, I am speaking from the book?

A. Yes.

Q. I also find in the previous year that the department received 33,048⅔ gallons of special 'A' oil at 21 cents.

A. Yes, that is what they call 300 oil.

Q. That would be oil that served the same purposes and is of the quality which would be the same quality as you delivered in this year.

A. It would be the same quality, that oil would be, as 'A' or 'B' specification. I think it is 'B,' what we call 300 oil.

Q. That is 21 cents per gallon was paid in that year for that oil?

A. Yes, and we sell it at 18 cents.

Q. So that as regards the transaction between you and the department for oil supplied under your contract the department received that oil at 1½ cents less practically than they had ever received it before, according to these books, if my figures are correct.

A. Yes, in the previous year you will find that this 300 oil was sold at some 19½ cents, that is my recollection.

Q. There was nothing in your relation with the Imperial Oil Company and the railway department with regard to the purchase and sale of this oil to the department different from the course ordinarily pursued by a manufacturer's agent in the case of goods supplied to any other railway company?

A. None whatever.

Q. You pursued the ordinary business course in all respects?

A. Yes.

Q. Now I see, Mr. Lodge, that you sold 4·6 dozen wheelbarrows. There does not seem to be much trouble about the wheelbarrows?

A. Not a great deal.

Q. Did you make much money out of that?

A. I think I asked the office about that and that they told me they lost 75 cents each on them. There was something different in the specification to what they thought they had to deliver.

Q. With regard to the Styrian steel, what is it?

A. It is what is known as high speed steel. It is for turning off tires. You understand that in turning down tires they are put under a very high pressure to turn the tire down to the position they want it. When they get their tires in they are not always true and they have to turn them down. It is a specially manufactured steel which is manufactured in Austria, and high speed steels are, as a matter of fact, not manufactured in America, they are manufactured there, but they do not get the quality and for that reason the United States railways import through their agents practically all the high speed steels that they use. The steel which I supplied and for which I secured the agency for Canada, is used by all the principal railroads. Take the Big Four, the Erie, the New York Central and nearly all the big roads in America.

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By Mr. Ingram:

Q. Is this steel used for the driving wheels?

A. Yes, they turn them down. You will probably know the process better than I do, I am not a mechanic, but I know what it is used for.

By Mr. Macdonald:

Q. There are various productions of that special kind of steel?

A. Oh, yes.

Q. And one or the other of these productions is adapted by any particular road according to the test which it stands?

A. According to the service which it gives.

Q. How about the question of price, does it vary very much?

A. Oh, yes, the prices in high speed steels run from 40 cents to $1.50 per lb.

Q. And I understand that this steel that you disposed of had been tested by the Rhodes Rolling Mills?

A. Yes, they gave it a thorough test.

Q. Did any other road test it?

A. Yes, it was tested in the C.P.R. shops. It was tested there through a firm in Montreal and the Allis-Chalmers people use it, and I do not know how many other people use it in Canada.

Q. It is the best of its particular variety?

A. I think so.

Q. Your investigations as to the use of it would indicate that?

A. Yes, they indicate that.

Q. How about the price, was the price high?

A. The same price that they had been paying for a similar article?

Q. The same price they had been paying for steel, the same as they paid elsewhere?

A. Yes.

Q. There was no discrimination of any kind in your favour with regard to the matter of prices?

A. No, none whatever.

Q. Now with reference to the leather belting, tenders were called for in the usual way?

A. Yes.

Q. And you received the notice of the acceptance of your tender from the department?

A. Yes.

Q. Was there anything unusual in that, so far as you are aware, was it simply that your company had tendered and received the allotment?

A. None whatever. But of course I brought the facts of the quality of this belting to the notice of the mechanical superintendent, also to Mr. Scott, the electrician. As a matter of fact, Mr. Macdonald, they had been asking for this quality that year before, as they were not satisfied with the belting they were getting.

Q. And this belting, MacLaren's belting, is a staple article?

A. A standard belting.

Q. How about the price, was the price in excess of what would be paid by any other railway in the country?

A. I do not think so, it was about the ordinary price.

Q. The standard price?

A. About the standard price.

Q. In regard to this question of cheques which you gave, and which was deposited with a tender in the first instance, had you funds to meet the cheque?

A. Oh, yes, it is the usual thing to send cheques to Mr. Williams and he sends the boy down to get the cash for it.

Q. Was there any attempt on your part to avoid anything by not getting the cheque certified?

A. I think possibly it was after banking hours, when I put it in, and I telephoned to Mr. Williams to have it certified, it was nothing unusual.

Q. Was this the first time you ever got contracts from the Intercolonial Railway?

A. Oh, no.

Q. I understood you told us yesterday you had been on the patronage list for some 21 years?

A. About that, 20 or 21 or 22 years.

Q. Did you ever sell goods to the railway when my friend Mr. Barker's friends were in power?

Mr. INGRAM.—Was there any crime about that?

Mr. MACDONALD.—I am not making any insinuation at all, I just want to know. Your name, I understand, was on the patronage list?

A. Yes.

Q. Consequently you are in the position from your knowledge of the methods, and knowledge of railway business to be able to deal with parties outside in regards to what we may call these staple articles, which the railway buys?

A. Yes, I have a good knowledge of their requirements, that is about the best way of putting it.

Q. I suppose this is not the first oil you have sold to the road?

A. No, I have sold large quantities of oil to the road some years ago.

Q. How long ago?

A. In 1890, '89, '87, '88, 1900.

Q. Has there been anything in connection with these transactions that differed from the transactions in previous years?

A. The only difference was I didn't usually have to tender.

Q. You did not have to tender?

A. No, that is the only difference.

By Mr. Emmerson:

Q. The terms were easier, were they?

A. No, I would not say that; I think we tendered on burning oils, but the lubricating oils sold at straight price.

Q. That is if the storekeeper at St. John or anywhere else wanted to get lubricating oil he could come to you and get it at the same price?

A. I would be asked for quotations on oil, the oil I sold to the Intercolonial Railway formerly was sold on its quality, I bought a very high grade oil from the Vacuum Oil Company, Boston, a cylinder oil that they liked, and which suited their purpose, and of course there was no particular competition on that.

Q. I suppose in those days you received from the oil companies, or whoever you bought from, commissions on the oils, just the same as you have done in this particular case?

A. Just the same, the business was done in about the same way.

Q. The reason I presume you do not want to make public the amount of commission you receive is that it is a matter of private business that your competitors might——

A. Take advantage of.

Q. Have you any other reason why you do not give the information?

A. None whatever.

Q. Was there any difference practically in the condition in regard to these particular sales, as to your commission, from what existed in the previous years when you had made sales to the government?

A. No practical difference.

Q. That applies to each one of the cases in regard to which you have been examined?

A. Yes.

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HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
Wednesday, April 25, 1906.

The committee proceeded to the consideration of the accounts of the New Brunswick Petroleum Company, as set out at W—195, of the Report of the Auditor General for the fiscal year ended 30th June, 1905.

Mr. M. LODGE sworn.

By Mr. Barker:

Q. You are secretary of the New Brunswick Petroleum Comany?
A. Yes.
Q. Will you tell me who the directors of that Company and the officers are?
A. Yes, there is Mr. F. W. Summer, president.
Q. Are you sure he is the president?
A. Quite sure of it, sir.
Q. When did he become president?
A. Some time in the month of March, 1906.
Q. In March, 1906?
A. Yes, sir.
Q. About a month ago?
A. About a month ago, yes, sir.
Q. Well, go on.
A. You want the rest of the names?
Q. Oh yes.
A. A. D. Richard, vice-president; F. W. Sumner, general manager, he is president and general manager; I might remark that he has been manager for something over two years. There are no other officers in the company. The directors are——
Q. You are the secretary?
A. Oh yes, pardon me, I am secretary, I always forget myself. The directors are F. W. Sumner, B. F. Pearson.
Q. Is that Mr. Pearson, of Pearson & Pearson?
A. The same Mr. Pearson. A. D. Richard, Charles S. Hickman, Hon. A. R. McLellan, Joseph Allison, Nathaniel Curry of Rhodes, Curry & Co.
Q. That is all is it?
A. Is that nine? No, and I am also a director, and oh yes, Mr. F. H. Deacon of Toronto.
Q. When were these gentlemen elected?
A. When were they elected?
Q. Yes, in March?
A. No, sir, I was elected in March last, but the election took place——
Q. You were elected in March, whom did you succeed?
A. I think I succeeded the Hon. H. R. Emmerson on the Board.
Q. That is the Minister of Railways?
Q. Yes ?
Q. Who else was elected lately?
A. The other directors were elected at the last annual meeting.

Q. When was that?

A. I do not know that, I think our annual meeting was called this year, I think the second Tuesday in October is the date for our meeting, but I think it would be a year ago 1904.

Q. I just wanted you to tell from recollection? When was F. Taylor made a director?

A. I think he was one of the provisional directors, after the beginning in 1899 or 1900, when we were incorporated. I do not think he ever acted unless as a provisional director.

Q. How long did he continue in that capacity?

A. Well, possibly a year, but my recollection does not serve me.

Q. Who is Frank Taylor?

A. At the time he was a director of the company, he was the head of Mr. Osmond's in Pillsburg.

Q. Who is he now?

A. You mean what position does he fill now, that is what you want to know?

Q. Yes?

A. He is general storekeeper of the Intercolonial Railway at the present time.

Q. Has he any interest in this company at present?

A. I do not think he is on our stock list at all.

Q. Has he any interest whatever?

A. I think not, no sir, no interest whatever.

Q. Are you sure of that?

A. Yes, I am positive he has not any interest.

Q. Did he ever have an interest?

A. He had an interest, at that time when he was formally one of the original incorporators. But if my recollection serves me right he sold his interest out in 1902.

Q. Who bought him out?

A. I think Mr. H. R. Emmerson purchased his stock, that is my recollection, you know, I do not want——

Q. I only want general information, I do not want you to be absolutely correct as to dates and that sort of thing. In the return there is a letter from Mr. W. F. Taylor, to I suppose the minister—to Mr. Pottinger, dated the 9th of March, 1906. 'New Brunswick Petroleum Co.—Crude Oil.—I inclose a statement of all oil purchased to 31 December, 1905, and also attached copies of correspondence regarding the purchase of crude oil from this company. Previous to our purchasing the oil from New Brunswick Petroleum Co. for gas purposes, we had bought from the Imperial Oil Co. at 9¾ cents per gallon f.o.b. Montreal in bond.'

A. That was wine gallon.

Q. In view of this price it was considered that 10 cents per gallon delivered at Memramcook was a fair price for the oil supplied by the New Brunswick Petroleum Co.

By Mr. Macdonald:

Q. Is that the wine gallon?

A. That is the wine gallon in bond, but ours was Imperial measure, you will have to add one-fifth to the wine gallon.

By Mr. Barker:

Q. You have told us about some communication you had with the department here at Ottawa about leather belting, did you have any about oil?

A. This you are talking about now?

Q. Of crude oil. Have you had any correspondence with the head office about crude oil of this Petroleum Co.?

A. I think so.

Q. With whom?

A. Possibly we would have it with the Minister of Railways.

Q. Possibly with the Minister of Railways.

A. Possibly.

Q. Was that official correspondence?

A. It would be official, certainly.

Q. I think it has not been produced, you did not see it here yesterday when you were looking through the files?

A. I do not remember, I did not look over that very carefully.

Q. When was that correspondence?

A. Oh, some time in 1905, I think.

Q. Some time in 1905?

A. I think it was.

Q. About January?

A. Possibly, I do not recollect that, Mr. Barker. Of course if you have the papers there it will save time to refer to them.

Q. We will get it afterwards, but I want to get your run of the story. Of course Mr. Emmerson will produce it. What was the nature of it, I do not want you to pretend to give it accurately?

Mr. EMMERSON.—We can readily save time; among my private papers I found this document.

The CHAIRMAN.—I think it is very desirable that we should have the original document if possible.

(Document handed to witness: Exhibit 1).

A. I have before me a telegram, this is what you want I presume:

The CHAIRMAN.—Read it.

A. 'Moncton, N.B., 18.'

By Mr. Barker:

Q. The 18th of what?

A. The year is not given here, I see, but I think it was—you will probably have it somewhere.

Mr. EMMERSON.—It was just before my letter and telegram to Mr. Pottinger.

A. 'H. R. Emmerson, Ottawa. Electrician has made favourable report oil for Pintsch gas, and will use it. Will you direct management to give us order now pending? M. Lodge.'

I find written across this in pencil: 'Write Mr. P. and say that if electrician's report is favourable, as to use of N.B. Petroleum for Pintsch gas, it would be as well to purchase from them at regular market rates. H.R.E.'

Q. That was the only communication you had with headquarters here on the subject of crude oil?

A. Well, I would not say it was the only one, but that is one. I cannot be sure on these matters, I may have written it at some other time, but that is the only one I really recollect about.

Q. You did not recollect about that until Mr. Emmerson put it in your hands.

A. Well——

Q. Did you not write?

A. If I did it would be in the department, Mr. Barker.

Mr. EMMERSON.—Not necessarily in the department, it may be among my private letters.

A. Possibly.

By Mr. Barker:

Q. I have said already that I want official, I do not want private correspondence. Your answer was before with reference to official correspondence?

A. Yes, sir.

Q. You cannot say positively whether you wrote letters, unofficial letters, to the department here?

A. I could not without referring to my letter book, I do not keep these things in my mind. When I have written a letter I have done with it. My impression is that in the natural course of business, I was working to sell my product, and would use every effort to do so.

Q. Your impression is that you did write to the department here at Ottawa?

A. I might have, and I might not. My impression is that with reference to that very case, if you want to know how that matter stood I think I can give it to you clearly.

Q. I have no objection if you do not take too much time.

A. I had been asking the superintendent of the Pintsch gas department, Mr. Scott, and Mr. Pottinger, the general manager, to have our oils tested for making Pintsch gas in their works, and after a time I got an order, I think it came perhaps from Mr. Pottinger, as it would to Mr. Scott, to have it tested. I sent ten barrels I think to test and they made one test, and then they made a second test, and Mr. Scott reported, as I understand from my memory of the case, to Mr. Pottinger that it was perfectly satisfactory, in fact that it was the best oil of the kind he had used for that purpose. On that report I asked the minister if he would consider our offer and he sent that telegram, that is how that came about.

Q. At that time the minister was president of your company?

A. I think not,—oh president, yes sir, he was president, but he had nothing to do with the management.

Q. Did you see him personally on the subject besides writing to him?

A. I do not recollect.

Q. You do not recollect that. On the 23rd of January Mr. Emmerson writes to Mr. Pottinger evidently in compliance with your request as follows:—

'Dear Mr. Pottinger.—If the report of the electrician is favourable as to the use of New Brunswick Petroleum for the manufacture of Pintsch gas, it would perhaps be as well to purchase from the New Brunswick Petroleum Company at the regular market rates.'

If everybody in Moncton was content with this, as the best oil for the purpose, and they had been buying oil for that purpose, was it necessary to get the interference of the minister?

A. I do not quite understand that.

Q. You told us that the result of the investigation and test was that this was better than the oil they had previously been using for the same purpose, did you not say that a moment ago?

A. Yes.

Q. If they had been using crude oil for that Pintsch gas process, and found this was better than they had been using, was it necessary to appeal to the Minister to get them to buy it?

A. I think it would be, I think all matters of that kind come before the department up here, decisions regarding tenders, &c.

Q. Then having to buy that without competition from crude oil for this Pintsch gas business and yours being better than what they had previously been buying?

A. Yes, sir, I think so.

Q. You thought it was necessary to go to headquarters?

A. Oh, yes.

Q. You are entitled to that opinion? Then apparently before that arrives did you hear that he had complied with your request?

A. I would be notified in the regular way from the department at Moncton.

Q. Then there is apparently a telegraph message on the 25th of January, two days after that letter I have read from Mr. Emmerson to Mr. Pottinger. This telegram is to Mr. Pottinger:—

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'D. Pottinger.—Please arrange to purchase crude oil from New Brunswick Petroleum Company for Pintsch gas purposes at market rates. Have written you on the subject.'

Then on the 25th of January, 1905, Mr. Pottinger, having received that telegram evidently, writes to Mr. Palmer, the storekeeper:—

'Dear Sir,—Herewith I send a copy of a telegram from the minister of even date, with reference to purchasing crude oil from the New Brunswick Petroleum Company for gas purposes. Please arrange to carry out the wishes of the minister in regard to the matter.'

Upon that what was done?

A. I presume I have received the orders as they came along from that time to the present or up right along, we have filled, our company has filled the orders for that oil.

Q. I have here the return of oil supplied up to December, 1905, from August, 1904. I see that up to the end of 1904, you had delivered, since August, 515 gallons?

A. That was not for gas.

Q. I do not know, it does not say here what that was for.

A. You see the gas contract is afterwards.

By Mr. Emmerson:

I would like to have it explained now that they had been purchasing oil for mechanical purposes previous to that?

Mr. BARKER.—Yes, when I get to the end I will show where the change takes place. In September there were 1,102 gallons, in October, 1,029, December—there is nothing down for November, but there are two entries for December, and I think the first of these December entries, 1st December, is really for November, 1,243 gallons, and to the 30th of December, 1,330 gallons. That December purchase would probably carry them over January. Well now then there is the telegram and it jumps up by reason of extra purchases for Pintsch gas purposes, to, in February, 8,226 gallons.

A. That would be a tank car would it not, Mr. Barker?

Q. Part of it is a car and part is 30 barrels of oil.

A. 6,100 gallons.

Q. Then in April there are two orders aggregating 6,996 gallons, May 889 gallons, June 7,075 gallons, July, 6,129 gallons, August, 948 gallons, September, 6,129 gallons, October 953, November 6,338, December 440. You are still continuing I believe these deliveries?

A. Yes.

Q. That aggregates up from August to December, $4,904.30?

A. 49,000 gallons, about that, yes.

By the Chairman:

Q. What is the price?

Mr. BARKER.—Ten cents per gallon. That makes it $4,904.30.

A. You understand that is not all for Pintsch gas.

Q. I presume about the same average for other purposes as before?

A. You can easily pick out the tank cars, about 61,000 gallons.

Q. It is about the same all through for general purposes, and the balance is for Pintsch gas?

A. You have the Pintsch gas oil in tank cars.

Q. That was done, the change was made, by reason of your request to the minister, and of his request to Mr. Pottinger to carry this out?

A. The change was made prior to that. When my request was made to the electrician to have my oil used for this purpose they had been using it for some little time for mechanical purposes, for which it gave perfect satisfaction, and I tried to follow that up by getting what trade I could for our company.

Q. That is all right, there were no tenders asked for it or anything of that kind?

A. I think you have about all the communications that passed.

Q. Was this report of the electrician in writing?

A. I do not know that. I understood Mr. Scott to tell me has was making a report to the general manager, Mr. Pottinger, and that Mr. Pottinger had told me he had received a report from Mr. Scott which was very favourable.

Q. Did he say whether it was in writing or not?

A. I presume it would be in writing. If I am right, their reports are generally made in writing.

Q. You were not shown the report?

A. No, sir, I was not.

Q. We haven't it here?

A. No, I understood from Mr. Pottinger it was very favourable to our product.

By Mr. Emmerson:

Q. It might save time if the witness was asked whether they had purchased Pintsch gas oil previously, and whether it was purchased by tender or not.

A. My recollection is that they purchased their Pintsch gas oil from the Standard Oil Company without tender, as I stated before, delivered at Montreal for 9¾ cents per wine gallon.

Q. That was bought without tender?

A. Yes, and that would bring it up to 11¾ cents, adding the freight.

Q. And that was in bond, was it not?

A. Yes, there would be the duty of 2½ cents, round about that, besides.

By Mr. Barker:

Q. Do you sell your crude oil to other people?

A. Yes.

Q. Have you any objection to say who buy from you in considerable quantities?

A. Messrs. Rhodes, Curry & Company, Robb Engine Cimpany, Fraser Thornton, Cookshire, Que., and other firms are our customers.

Q. During the year 1905, were you selling to all these?

A. Yes, sir, I was selling to these people prior to selling the Intercolonial any oil.

Q. But during 1905, when making these deliveries were you delivering to any other people?

A. Yes, sir, and I am delivering right along.

Q. What was your total output in that way, selling to all companies in 1905, how many barrels?

A. Well, now, I anticipated that question, and I have home a memorandum of it. I think our output to these people was about in the vicinity of 10,000 or 15,000 gallons, something like that. Of course they use it only for manufacturing purposes.

Q. In what time?

A. That would be running through the year 1904-5.

By Mr. Foster:

Q. That was to these three people?

A. Oh, no, these three people? He did not ask me that.

By Mr. Barker:

Q. I mean to all other people outside the railway?

A. Yes, that is all right.

Q. What is your output from the wells per day?

A. Well, you see our wells, Mr. Barker, we are a prospecting company, and we are drilling every day over a large area of country—of course our wells are largely

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plugged, we are taking out only about 75 barrels a month at the present time from those that are working.

Q. Do you mean to tell me that in 1905 the product of your wells was 75 barrels per month?

A. About that I think.

Q. It was?

A. That is my recollection, I have not been home a great deal.

Q. Have you seen the returns?

A. Which returns?

Q. The output of the wells, any statement?

A. No, I have not. From time to time I look over matters myself as we put it in the tank.

Q. Who keeps the record of the output of the wells?

A. Mr. Duffy, and there is a record kept of our output which goes to the Interior Department too.

Q. For revenue purposes?

A. They ask for it you know.

Q. For statistical purposes?

Q. Yes ?

Q. But your own records, your books showing what the output of the wells is, where is that record kept?

A. It will be kept in Moncton at our office.

Q. In your office?

A. Yes, you will understand me you are asking questions of a prospecting company. We have been drilling wells, you will see—I think an explanation is due in connection with your question, Mr. Barker. These wells are not all contiguous to our pumping station and we can only utilize a few in that way, perhaps a dozen.

Q. You tell me there are only about one dozen wells?

A. Yes, that we are using now.

Q. Now during 1905, what was the output of those that were working?

A. I think it runs along around that between 50 and 75 barrels per month, something about that.

Q. How many gallons to the barrel?

A. 40 gallons.

Q. That is about from 2,000 to 3,000 gallons a month?

A. Yes, something like that.

Q. And you had, how many people that you say you were selling to besides the Intercolonial?

A. Well, we have been selling to about 15 or 20 people altogether.

By Mr. Taylor:

Q. For manufacturing purposes?

A. For manufacturing purposes, yes.

By Mr. Barker:

Q. Have you a large quantity stored up, or are you just selling from the output?

A. We have a considerable quantity, we have been storing since 1900.

Q. How much had you in store, on the 1st of January, 1905?

A. We had about 2,500 or 3,000 barrels, that is my recollection of it.

Q. Where was that stored?

A. In our tanks at St. Joseph's College and Memramcook.

Q. Have you books showing that amount in store?

A. Yes, sir, because the way I am speaking is this, it is shown in our stock taking for our annual report.

Q. I mean in books, not in a report to the shareholders, but in books?

A. Yes.

Q. Who keeps the books?

A. John Mackay, he is the bookkeeper.

Q. At Moncton?

A. Yes.

Q. Who is the man at the wells?

A. For the last year I have had a man named Duffy there.

Q. Is he the man there now?

A. Yes.

Q. He has been there how long?

A. He has only been in charge there about a year.

Q. Who was the man there before that?

A. Murray W. Shaw, and Kemp was our driller.

Q. Where is Shaw now?

A. In Cape Breton.

Q. Temporarily away?

A. Yes, we have not been operating very largely last year, and I only kept a few men at the pumps, we have not been drilling.

Q. And have you been selling out of the store you had at the beginning of January, 1905?

A. Oh, yes, we have been selling from that.

Q. So that what you were selling from was from what the wells produced?

A. Oh, no, from our stores, we have been storing in our tanks ever since we started operation.

Q. And you will sell car loads or tank loads of it?

A. Several tank cars.

Q. Who would load these tank cars up for you?

A. It would be loaded from our tank with a pump into the cars, at Memramcook. We have about 10,000 barrels of tankage there.

Q. You would pump it into the tank car?

A. You see, our haul is about eight miles from the tank, but we haul it in our tank wagons to the tanks.

Q. And run it from the tanks into the tank cars?

A. Into the tank cars.

Q. Who is it that does that work?

A. The loading was done by Shaw when he was in charge ,and by Duffy since he has been in charge.

Q. Has Shaw left your employment?

A. Yes, sir, he left our employment about a year ago.

Q. He has not been in your employment since?

A. No, he has not.

Q. Did you get the output reports from your man or men at the tanks, as to the measure shipped out to any customer?

A. We would get reports in the usual way.

Q. Written reports?

A. Yes, sir.

Q. Showing to whom it was shipped?

A. Yes, the number of barrels.

Q. They would be in your possession?

A. All these reports, the information, will be in our office.

Q. Is that supply you had at the beginning of 1905 exhausted?

A. Well, yes, that has practically exhausted the supply we had at that time, of course, we have some wells—

Mr. MATTHEW LODGE.

Q. Including what you have been taking out in the meantime ?

A. Of course, we have not got very much there, I do not know how much.

Q. But the tank supply includes what you have been putting in in the meantime?

A. Yes.

Q. How much have you there roughly at the present time ?

A. I do not know how much there would be.

Q. Have you any report on the 1st of January, 1906?

A. No, I have not. I do not know what there would be, perhaps we would have a thousand barrels but I would not be sure about that.

Q. You do not want to be positive ?

A. No, I do not want to be positive, because I am not sure.

Q. Have you more than one shipping station ?

A. Well, we ship from College Bridge, we only shipped tank cars from Memramcook, because we have the tankage there, but we ship also in barrels from College Bridge because that is handier to our works than the other.

Q. You shipped for the Intercolonial from both points?

A. Yes.

Q. The barrels go from College Bridge?

A. Yes, and the tank cars from Memramcook.

Q. When the Intercolonial Railway wanted a tank car from whom would you get the order?

A. From the storekeeper.

Q. From Mr. Taylor ?

A. From whoever was in charge.

Q. Would that be a written order?

A. That would be a written order.

Q. You would keep that order, is it on file ?

A. It is on our files.

Q. You would give an order upon your warehouse man or whatever you call him, to fill the tank car ?

A. I presume you have them now, you asked for them a while ago.

Q. I have not got them but they are all producible?

A. All producible, yes.

Q. You say now that on the first of January there was probably 1,000 barrels in the store, I am not holding you strictly to the figures ?

A. About that.

Q. How much is there to-day ?

A. I do not say that, in January you asked me, in January; up to date ?

Q. I asked about the beginning of January ?

A. I did not understand you, I thought you meant to-day.

Q. About a thousand barrels, to-day ?

A. Yes, I thought that was what you asked me.

Q. How much was there in the beginning of the year when you had the stock taking ?

A. My recollection was that we had about, I think, about 500 barrels, that is to the best of my recollection. I think there was about $2,000. That is my recollection of it.

Q. About 500 barrels on the 1st of January ?

A. No, our stock taking would be in September.

Q. How much have you sold since ?

A. I do not know, you have it there, possibly.

Q. I mean altogether ?

A. Since what?

Q. That was in September when the stock taking took place, 1905.

A. Well, I have not the record here; you can tell from the record there, can you not ? Are you asking it to the present date ?

Q. I want to know when the former stock taking took place, which you say was in September last ?

A. Yes.

Q. And you say there were 500 barrels then ?

A. That is just my recollection.

Q. 500 barrels ?

A. I think so.

Q. Can you tell me how much you have sold since ?

A. I could not without going into my books.

Q. This is only a part of the sales here ?

A. I do not keep that, you will understand it is only a matter that comes before me once a year.

Q. If you are 50 barrels out it will not make any difference to me, but I want to know, if you had 500 barrels in September, can you not tell me roughly how much you have been selling since to all people ?

A. I could not tell you what the account sales are, I do not keep it.

Q. You might have about a thousand barrels now ?

A. That is my idea, a general idea.

Q. Do you know all the stock holders of the company?

A. I could give you the stock list if you want it.

Q. Do you know whether any people connected with the Intercolonial Railway—

A. Are stockholders ?

Q. Are interested ?

A. Yes, some people have bought stock in the company that are clerks or officers in the Intercolonial Railway.

Q. They have ?

A. Yes.

Q. People about the stores department ?

A. No, there is no officer that I know of in the stores department that has any stock.

Q. Nor about the shops that use the oil ?

A. No, I think I could give you all the officers who have stock in the company, officers of the Intercolonial Railway.

Q. Give them ?

A. There is Thomas Williams.

Q. Who is he ?

A. He is the Treasurer of the Intercolonial Railway.

Q. Who else ?

A. Thomas Williams, who is treasurer of the Intercolonial.

Q. Who else?

A. John Campbell?

Q. Who else?

A. I think that is all.

Q. Who is Campbell?

A. He is car accountant, I think that is his title.

Q. That is all?

A. My recollection is that is all the people connected with the Intercolonial who hold stock.

Q. I suppose you can say positively that the electrician is not in it?

A. Yes, positively.

Q. I think it is only fair to ask the question, I do not know who he is.

A. No. Mr. Scott is not connected with it whatever.

Q. Any body connected with the Railway Department in it?

A. In Monction?

Q. Anywhere.
A. Well, how do you mean?
Q. I do not mean Mr. Emmerson.
A. Mr. Emmerson, as I told you.
Q. Is there anybody else?
A. No one else except those I have mentioned.

By Mr. Ingram:

Q. Is Mr. Campbell connected with it?
A. He has stock in the company.
Q. What has he got to do with it?
A. He is car accountant.

By Mr. Barker:

Q. That is all you know, at all events?
A. Yes, I could give you the stock list. That is my recollection.
Q. If we want the stock list you will let us have it?
A. Yes.
Q. What is the cash paid stock in the company?
A. I think the paid-up stock is represented as about 75,000 shares, that is the subscribed stock. The stock is fully paid up, was paid up at its incorporation.
Q. Paid up in cash, or put in as property?
A. Put in as property, I think, that was the transfer.

By Mr. Foster:

Q. What is the par value of the stock?
A. The par value is $100 a share.
Q. And how many shares?
A. One hundred thousand shares.

By Mr. Barker:

Q. Has that not been increased lately?
A. No, the original par value was $10 a share, and now it is increased to $100.
Q. That makes a million?
A. Yes.

By Mr. Foster:

Q. And of which 75,000 shares is paid up?
A. Yes.

By Mr. Barker:

Q. Can you tell me what you sold to the Intercolonial in January, February and March—this report brings it up to the end of December?
A. Of this year?
Q. Yes.
A. January, February and March—well, I think we sold two tank cars and about forty other barrels for mechanical purposes. That would be my recollection of it—perhaps a little more for mechanical purposes, but I think there were two tank cars.

By Mr. Macdonald:

Q. The New Brunswick Petroleum Company was incorporated when?
A. In 1900, I think, or 1899.

Q. For the purpose of exploiting and developing the oil deposits of Westmoreland County?

A. New Brunswick generally.

Q. Your rights ran over the province?

A. Our license covered 18,000 square miles of the province.

Q. Under arrangement with the provincial government?

A. Yes.

Q. Your works of exploration have been very largely in Westmoreland county?

A. Westmoreland and Albert.

Q. Your work of prospecting and sinking of wells has been going on—went on very actively for three or four years subsequent to its incorporation?

A. Well, from 1901. We did not start any very active operations until 1901, and from that up to 1904 we were at various stages of activity. In 1903 we had a large drilling force and had drilling rigs going, but for the principal part our wells were drilled in the latter part of 1902. In 1903 we had about 78 wells put down, and were prospecting the country to see whether we could find an oil belt.

Q. In regard to the gentlemen who compose the company, Hon. A. P. McClelland was a former Senator of Canada and ex-Lieutenant Governor of the province?

A. Yes.

Q. He lives in Albert county?

A. Yes.

Q. Mr. Nathaniel Curry is of the Rhodes, Curry Company, Limited ?

A. Head of that company.

Q. President ?

A. Yes.

Q. Mr. F. W. Sumner is a prominent business man in Moncton and former Conservative member of the local legislature ?

A. I believe so, yes.

Q. Mr. C. S. Hickman ?

A. Is a prominent lumberman.

Q. In Dorchester ?

A. Yes.

Q. Mr. Allison—Allison comes from Sackville.

A. He is from Manchester, Allison and Robertson in St. John, a large wholesale and retail dry goods man.

Q. The company is therefore largely a local New Brunswick company ?

A. Yes, largely.

Q. The stock was taken by people from patriotic as well as mercenary motives, with the idea of developing this native industry in the province ?

A. That was so, yes, largely so.

Q. The connection of Mr. Emmerson with the company dates back to its inception and his coming in the same as Governor McClelland ?

A. No.

Q. Later on ?

A. Mr. Emmerson came into the company some time about June, 1901, that is my recollection.

Q. 1901 ?

A. Yes. After our incorporation, we made arrangements with some people in Boston to carry out the conditions of our contract, that was to spend $200,000 in development, and they failed and left us in a rather bad condition. Mr. Emmerson was then I think in Ottawa. I wrote him in reference to it and asked for his assistance, and he said if I could make such an arrangement for him he might come in and assist us, and my recollection is that he put in considerable money at that time.

Q. In 1902 ?

A. In 1901, I think in June, 1901.

Q. Some time before he became Minister of Railways ?
A. Yes.
Q. While he was representative of the county ?
A. Yes.
Q. Now, the Mechanical Department was using some of your oil some time previous to this arrangement in regard to the Pintsch gas ?
A. Yes, I think the Mechanical Department first bought our oil in June, 1904.
Q. Yes ?
A. The first two purchases that I sold them did not go through the accounts then.
Q. Previous to this the oil for the Pintsch gas for the Intercolonial was purchased where ?
A. If they bought it in bond they would buy the Pennsylvania Tiona oil.
Q. An American product ?
A. Yes.
Q. Can you tell us the price paid per gallon—I think you said 9½ cents ?
A. 9¾ cents, Mr. Barker says.
Q. For a wine gallon ?
A. Yes.

By Mr. Fielding :

Q. At Montreal ?
A. At Montreal in bond ?

By Mr. Macdonald :

Q. By wine gallon ?
A. Yes, it would be by wine gallon. They sell nothing else on the other side.
Q. What would that net ?
A. You add one-fifth to nine and three-quarters—about two cents. That would be about eleven cents for imperial gallon. Add the freight charge to Montreal, in the vicinity of one-sixth cent per gallon.

By Mr. Loggie :

Q. Far more than that.
A. No, I think not. Then you have to add the duty, I think it was two and one-half cents.
Mr. FIELDING.—Two and one-half cents now.
The WITNESS.—That would be two and one-half—about fourteen cents.

By Mr. Macdonald :

Q. That would be the net price at Moncton ?
A. Yes, if purchased as they said in bond.

By the Chairman :

Q. For how many years previously was that being done in that way ?
A. I think probably since they started the Pintsch gas, may be four or five years ago, I have just forgotten, Mr. Chairman.

By Mr. Macdonald :

Q. Oil that you supplied netted the Intercolonial ten cents ?
A. Yes, at Memramcook. Will somebody figure that out for me ?
Q. Did you make a calculation, Mr. Lodge ?
A. No, I did not make a calculation.

By Mr. Fielding:

Q. If the half-cent was correct it would be about fifteen cents a gallon, including duty?

A. Yes.

By Mr. Macdonald:

Q. Instead of that oil, a foreign product, costing that figure, you supplied this native product delivered at a short distance from Monction for ten cents an imperial gallon?

A. Yes.

Q. Has the result of that operation of the Pintsch gas works and the effect of this oil in the Mechanical Department been satisfactory?

A. I am informed by the officers that it has been very satisfactory?

Q. There has been no difficulty attending it?

A. No, they use a special crude for the welding furnaces and for tempering steel tires. In Canada this is the only oil that at all compares with the Pennsylvania crude, the High Tiona oil. The Petrolia oil is as you know an inferior crude, it is a crude product that has got sulphur in it, has got nitrogen in it, which is detrimental for this purpose, so I am informed. I am told that our oil is as good as the Pennsylvania oil, and they said they would give us ten cents. I think they were paying fifteen cents at the time.

Q. That is in the car works?

A. Yes. That was really the first. For a long time we thought we would not sell our product, that we would store it and build a refinery at Memramcook. We erected tankage of 6,000 or 7,000 barrels and commenced making our plans for a small refinery. Unfortunately for the company, we ran short of funds, and since that time I have been trying to arrange for some funds to carry on the operation of the company which probably I will do and start work again in a very short time. As I told you, we stored it in our tanks. We thought we would go on refining it and could do better by selling it that way.

Q. Have you sold this oil on its merits purely?

A. Entirely so, in every case.

Q. Did you have to ask the interference or pressure of the minister in order to accomplish anything, or did you sell it on its merits?

A. No, I never mentioned it. We were selling it to the Intercolonial, I presume six months before the minister knew anything about it, for these mechanical purposes. It was sold through Mr. Pottinger.

Q. As a matter of fact, Mr. Emmerson's connection has been largely a nominal one since he became Minister of Railways?

A. Yes, Mr. Emmerson resigned right after coming in as Minister of Railways, and the board of directors did not look upon it favourably; they wished him to continue in that position. In June, 1904, he refused positively to have anything to do with the management. We called a meeting of our board and had Mr. F. W. Sumner appointed manager. Since that time, Mr. Emmerson's connection with the company has been nil. I presume he has always looked favourably on us and would be glad to see us get ahead.

By Mr. Ames:

Q. May I ask two or three questions? Mr. Lodge, you told us, I think, that the oil is shipped both in tank cars and in barrels?

A. Yes, sir.

Q. By which method is the greater proportion sent to Monction?

A. I think the larger portion to the Intercolonial was shipped in tank cars.

Q. Do you ship your tank cars from both College Bridge and Memramcook?

A. No, only from Memramcook.

Q. Do you ship any barrels in any considerable quantities from College Bridge?
A. Yes, considerable.
Q. Any in tank cars at all?
A. No.
Q. You have your storage tanks at Memramcook?
A. Yes, part, and part at St. Joseph's College, a mile away.
Q. How many at Memramcook?
A. Four.
Q. Is there any oil in these four at present?
A. There is oil in one, the one that we ship from.
Q. How much?
A. I do not know exactly.
Q. Has there been any oil in these four tanks of late?
A. Oh, yes, we have had oil, I think, in the used tank.
Q. The other three have never been in use?
A. No.
Q. There is only oil in the one tank?
A. Yes.
Q. From that your tank cars have been loaded?
A. Yes.
Q. How long since you loaded a car there?
A. We loaded our last car there, I think, in November.
Q. You loaded your last car there in November?
A. Yes.
Q. And I understand you supplied several tank cars since the first of the year?
A. Yes, two.
Q. Where were they loaded?
A. In Sarnia.
Q. With Memramcook oil ?
A. No, no, I explained that for the Committee. Do you wish an explanation of it ?
Q. Yes.
A. In our tanks at Memramcook the oil is very heavy, and we had no way of steaming our tanks during the winter months and therefore could not ship from that point because we could not pump our oil from the line into the car. So I arranged to purchase from the Imperial Oil Company at Sarnia through an agent at Montreal for our winter supply, for the tank car supply, and I think we brought the tank cars from there. That is my recollection.
Q. Then I understand that a very considerable proportion of your winter's supply is not Memramcook oil ?
A. Just two tanks cars since last December.
Q. Then you have supplied no oil in tank cars from Memramcook since last October or November ?
A. There were two cars purchased from Sarnia some time in the winter.
Q. Is that oil bought for Pintsch gas purposes ?
A. Yes.
Q. Did you get the same price as for the Memramcook oil ?
A. Yes.
Q. Did you sell it as coming from the Petrolea Company ?
A. We sold it to fill our contract.
Q. Have you continued to supply the other, the New Brunswick or the Petrolea oil ?
A. We have no option in the matter. We purchased the oil to supply it.
Q. Then did you get the same price for the two oils?
A. Yes.

Q. Another question, will the department allow you to fill your contract with other oil than the New Brunswick oil ?

A. I have had no question yet. They knew of it.

Q. Your oil is a very superior oil ?

A. Our crude is very superior.

Q. It was on the fact that is was so much superior to the American oil that you secured the contract ?

A. What contract ?

Q. The contract for the New Brunswick Oil Company ?

A. Yes, it was, and it was much cheaper.

Q. I understood you to say it was a much superior oil for Pintsch gas purposes ?

A. I said it was a much superior oil for mechanical purposes. They have got to have very pure crude for that purpose.

Q. What proportion of the oil which you supplied under the name of the New Brunswick Oil Company, which we would naturally suppose would come from the wells of the New Brunswick Oil Company, what proportion of that oil was American, purchased and brought in?

A. None whatever except the two cars I mentioned.

Q. Is that all ?

A. That is all we brought in; we brought them from Sarnia.

Q. How did those cars come to Moncton, those two cars ?

A. Shipped over the railway.

Q. Over what railway ?

A. You would have to get the way bills. I suppose they came over the Grand Trunk from Sarnia to Montreal and then to Moncton over the Intercolonial.

Q. Have those two cars ever been down to Memramcook ?

A. Not that I know of.

Q. How many wells are now at work ?

A. About ten, I think—something like that.

Q. With a daily capacity of—

A. A monthly capacity of about fifty or seventy-five barrels.

Q. That would be about three barrels a day ?

A. Something like that.

Q. Two and one-half barrels a day ?

A. Yes.

Q. I suppose forty gallons to the barrel ?

A. Yes, about that. That was the general average, I think.

Q. About one hundred gallons a day ?

A. Yes.

Q. Are the wells producing less now than a year ago?

A. Yes.

Q. What percentage less ?

A. Oh, well, these are producing a considerable percentage—of course when wells are first started they produce a good deal of oil and after that they go down.

Q. Are any of your wells gusher wells ?

A. No, they are all pumping wells.

Q. Have any of your wells been producing a considerable quantity in the last two years ?

A. Oh, yes, some when they were started ran as high as fifty barrels a day, then they went down.

Q. Who is in a position at the present time to give a statement of the quantity of oil that you had on hand at your September stock taking in 1904 ?

A. We would have it in our office.

Q. Who is the man who could produce that ?

A. I could produce that.

(Mr. Macdonald objected to the question.)

By Mr. Ames:

Q. I was asking who was in a position at the present time to give us a statement to show us the amount of oil that the company had?

A. All statements are in our office at Moncton.

Q. Who is in charge of that office?

A. I am when at home.

Q. When you are not at home?

A. Mr. Mackenzie, our bookkeeper.

Q. He can produce the statement?

A. I presume so.

Q. If desired by this committee?

A. I can produce it if you desire.

Q. And who is in possession, in custody of the books showing the amount that the wells have produced since the stock-taking of 1894 and the stock-taking of 1905?

A. Well, we do not keep any regular system in regard to that, because we have had no necessity for it.

Q. You know how much your wells produced, don't you?

A. Yes. We don't pump our wells every day. We have not been pumping regularly. Take during the last four or five years, sometimes the pumps would be running, sometimes not. We were keeping some of our wells going.

Q. You are able, I have no doubt, to establish if it was desirable and in your interest to do so, how much your wells had produced, weekly or monthly, for the last two and one-half years?

A. We would try to do so, if it is pertinent to this inquiry.

Q. And if this committee is desirous of getting that information, whom should we summon?

A. I would probably be as good a party to summon as anybody. I will endeavour from our books to give you any information that this committee requires—very glad to do it .

Q. How long has your superintendent been on the wells?

A. Our present superintendent?

Q. Yes?

A. Mr. Duffy—he has been on the wells for about four years.

Q. Does he keep a record of the output per month or per week?

A. I hardly think he does. I will tell you the record we get. It is just what is required for statistical purposes, that record has been kept by the company since the new law came into force as to our production; that has been kept and the returns made to the department each month, or two months, whatever they required. We send them to the customs house office at Moncton, so that you might get the record in the department here if you required it.

Q. Mr. Lodge, the point is this: I understand you have intended leaving for England shortly?

A. I was going to sail on Monday.

Q. And in order not to detain you beyond the time that you might desire to sail, who is there that if this committee is desirous of continuing the inquiry, who is there that can establish for us the amount of oil in stock at the stock-taking of 1904 and 1905, the amount of oil produced by the wells in the years following each of those dates?

Mr. MACDONALD.—I want to ask as to whether or not this committee is concerned with the investigation as to whether the New Brunswick Oil Company produces two barrels of oil per day or three barrels.

The CHAIRMAN.—I say it is pertinent to the inquiry to know if oil from other sources than the wells of this company has been supplied to the government. I am

prepared to rule that it is not necessary to know how many wells they have got and how much they produced to get at that fact. It seems to me that information can be got in a very direct way by putting a straight question to the witness.

By Mr. Ingram:

Q. You spoke to Mr. Macdonald about manufacturing belting?
A. Are you talking about oil or belting?
Q. Belting.
A. No, sir, we do not manufacture belting.
Q. You did not state the price that you sold that belting at?
A. I think I stated it to the committee, and Mr. Barker had it there.

By Mr. Barker:

Q. You said the discount off the standard list?
A. Yes, ten and five, wasn't it, Mr. Barker?
Mr. FIELDING.—Mr. Barker read the figures and the witness corroborated it.

By Mr. Ingram:

Q. You spoke of steel, do you manufacture steel?
A. No, sir.
Q. Simply handle it?
A. Yes.
Q. You spoke of wheelbarrows?
A. Yes.
Q. Do you manufacture them?
A. No, are not manufacturing at all.
Q. Simply dealing in these things?
A. Yes.
Q. The only answer I heard was that you lost seventy-five cents on each wheelbarrow?
A. Yes.

By Mr. Fielding:

Q. Did you manufacture the things which you sold to the former government?
A. No, sir. I simply acted as a manufacturer's agent.

The committee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM NO. 32,
FRIDAY, April 27, 1906.

The committee met at 10.30 a.m., the chairman, Mr. Belcourt, presiding, and proceeded to the further consideration of the accounts of the New Brunswick Petroleum Company, as set out at W—195 of the Report of the Auditor General for fiscal year ended June 30, 1905.

Mr. MATTHEW LODGE recalled.

By Mr. Barker :

Q. Mr. Lodge, the supply of crude oil for the manufacture of gas began about January, 1905, I believe, by your company ?
A. I think December or January, Mr. Barker.

Q. You had been supplying crude oil to the railway from at least the August previous?

A. I think June, 1904, was the first.

Q. Some time in midsummer?

A. Yes.

Q. To the end of the year ?

A. Yes.

Q. For what purpose was that oil procured from your company by the Intercolonial ?

A. They used it in furnaces that they had for welding tubes.

Q. I mean in the early deliveries ?

A. Yes, they just put in new furnaces and they procured it for that purpose.

Q. And I suppose you are continuing the delivery for that purpose ?

A. Yes, sir.

Q. And have been all through ?

A. As they required it, yes.

Q. You told us that by January or February last of this year you were unable to load the tank cars from your tanks owing to the cold weather ?

A. Yes, sir.

Q. That congealed the oil and made it thick ?

A. Yes, and then we would have had to run tank lines from our tanks under the railway and up to the other side to load the tank cars.

Q. It would not flow very well ?

A. No, I cannot pump it without steaming the oil, and I had not any power to steam it.

Q. In the previous February, 1905, you delivered a car load of that crude ?

A. Yes.

Q. Was it warmer weather then ?

A. No, sir, but I will tell you about that. That was taken from our tanks in St. Joseph's and hauled over with our tank wagons at Memramcook. We have steaming power at St. Joseph's, but the tank that I previously mentioned that we loaded there in the summer was loaded from a tank at Memramcook. Our pumping station is alongside the tank at St. Joseph's College.

Q. I understand that you loaded no tank cars except at Memramcook ?

A. Except there, yes, but at St. Joseph's College Bridge station is two miles out from Memramcook. St. Joseph's College is where our pumping station is.

Q. The two stations you spoke of yesterday were Memramcook and College Bridge?

A. Yes.

Q. And this St. Joseph's College is a third place ?

A. It is not a station.

Q. It is a tank simply?

A. Yes, that is where our pumping station is.

Q. In February, 1905, you hauled the crude from St. Joseph's College tank to Memramcook tank ?

A. Yes.

Q. And put it into the tank at Mamramcook?

A. Put it in the car.

Q. Directly into the car ?

A. Yes.

Q. By what process ?

A. We have large tank wagons and the oil was heated and put into these tank wagons, and then we had a raised platform that we drove our team on to and ran it into the tank car.

Q. And you were able to deliver one carload in February notwithstanding the severe weather in 1905, by that means ?

A. Yes, I think so.

Q. Do you know this of your own knowledge ?

A. I know we delivered it and I know that is the way we delivered our first tank.

Q. That is the way you delivered the February, 1905, cars ?

A. I know that is the way we delivered it. I know we had some difficulty in getting a platform and building a place to run the wagons on.

Q. I can understand you doing that in April, but in the exceptionally cold weather of February, 1905, it would have been a rather risky time to bring that oil from St. Joseph's College tank to Memramcook ?

A. We delivered a tank car in February that way.

Q. Yes?

A. You have the record there.

Q. Yes ?

A. I presume you have or you would not have asked the question.

Q. That is the way you delivered that year ?

A. That is the way it was delivered.

Q. Do you know or are you only surmising ?

A. I know; I was there and looked after it.

Q. In February, 1905, there is one car, 6,129 gallons loaded down there?

A. I went down and looked after it.

Q. That is the first car?

A. That would be probably delivered some time in December or January.

Q. No?

A. You have a record of when we were paid for it, and they don't always issue cheques for sometimes two months after we delivered the cars.

Q. I have looked at this, and it was in February?

A. I could tell by the way-bills if we had them.

Q. Was there any other portion of this oil mentioned in the return from August, 1904, to December, 1905, other than your own?

A. No, sir.

Q. All that was absolutely from your own wells?

A. Yes.

Q. All your own crude?

A. Yes.

Q. And only handled as it came from the wells?

A. Except as it comes from the wells, about 49,000 gallons I think.

Q. Yes, but you ordered two tank cars of crude from Petrolia?

A. I ordered them to a Montreal house, and they came from Sarnia.

Q. Did you inform the Intercolonial that you were not delivering your own oil?

A. Yes.

Q. You did?

A. Yes.

Q. To whom did you give that information?

A. To Mr. Scott, the electrician.

Q. What is he?

A. He is the electrician.

Q. And he knew that it was not the oil that you agreed to give?

A. He knew it was not from our wells.

Q. Was he the person that was using the oil?

A. Yes, he was superintendent of that department.

Q. Is he the gentleman to whom all the oil is delivered?

A. No, sir, all the tank car oil—all the Pintsch gas oil.

Q. He does not receive the other oil that you deliver?

A. No, sir, that goes to the mechanical department.

Q. And that was crude that you got from Sarnia also?

A. Which?

Q. What you got from Sarnia—the tanks?

A. It was gas oil, I presume it was crude, that is what they asked for.

Q. You were delivering crude from your own wells?

A. Yes; ours was crude. I may explain, if you will allow me, that the oil generally used for gas oil is what they call one run oil—that is, they run the lighter oils off.

Q. Partially manufactured?

A. Yes. The probabilities are that the Sarnia people would send that.

Q. The oil you were delivering from your own wells from first to last was not partially manufactured?

A. No.

Q. Simply as it came from the wells?

A. Yes.

By Mr. Macdonald:

Q. You spoke of having the tank from which the oil was delivered in 1905 at St. Joseph's college?

A. Our tank was there, yes, our underground tank.

Q. That is immediately across the river from College Bridge?

A. About a mile and a quarter.

Q. That is across the marsh?

A. Yes.

Q. There would be no exceptional difficulty so far as roads were concerned in getting oil across?

A. No; we can cross it on the ice.

Q. There were favourable conditions for taking it across?

A. Yes.

Q. In the winter of 1905 you had quite a force of men employed in connection with your operations?

A. Up to December, 1905, we had. We closed our drilling operations December 15, 1905.

Q. Then in the winter, later on in this last year, you say you began delivering it from Memramcook station?

A. We delivered all our tank cars from Memramcook. The reason for that is we could not run a tank car to College Bridge; it has no platform to get up on with a team. You delivered into a side station without any delivery platform. You cannot run a tank car in to College Bridge, although it would be a half-mile or three-quarters of a mile shorter haul. For that reason I had the other platform to run a team up on to dump it into the cars.

Q. You changed to Memramcook on account of the fact that the facilities were better there for loading?

A. I did not change; we always loaded our tank cars there. But we could not use it in the winter as there was no steam.

Q. I see in the correspondence you speak of the difficulty on account of heating apparatus?

A. At the College Bridge we had fuel and a heating apparatus to heat the oil to pump it in the winter.

Q. You have some oil still in stock?

A. Yes.

Q. You mentioned the other day that you were going to England?

A. I wanted to sail on Monday.

Q. What was your purpose in going to England?

A. I have been carrying on negotiations with some people there to get further capital for the operation of this New Brunswick Petroleum Company since February, 1905. They have had their experts over, and accountants have gone through our books and examined everything, and we have been intending, our directors have, to go to England, as we suppose, to close this matter out, since last December, but it has been put off from time to time, and it was my intention to sail on Monday, and Mr. Sumner, the president of the company, expected to go this or early in the next week, and possibly Mr. B. F. Pearson if he could get away.

Q. That was your purpose in going to England?

A. Yes.

Q. Now, Mr. Lodge, this oil that you subsequently sold to the Intercolonial had been stored by the company with a view of keeping it there until increased capital was obtained and a refinery possibly started?

A. That was my object.

Q. The change in policy in regard to that occurred after Mr. Sumner became president?

A. Well, after he became manager. You will understand that the president of our company has simply to sign certificates. The general manager of our company signs all other bills of exchange and cheques and so on, so that outside of stock certificates the president is not a necessary article around our company.

Q. I see. After Mr. Sumner became president he directed the policy of the company to a certain extent?

A. Manager—he did not become president until this March.

Q. As manager he insisted that the wisest course to adopt would be to dispose of this oil instead of retaining it?

A. Yes.

Q. And as a consequence you sought markets for this oil that you had stored?

A. Yes; it was his policy and that of Mr. Curry that we should dispose of the oil.

Q. Have there been any dividends paid to any officers of the company or members of the company?

A. Unfortunately, no.

Q. The name of the Minister of Railways has been connected with the company. Did he receive any money directly or indirectly as the result of his connection with the company?

A. He never received a dollar. It has all been the other way.

Q. The directors or those connected with the company had been paying out money with a view to eventually encouraging a large industry there?

A. Yes; there has never been a salary paid to any one outside the men whom we had working and our bookkeeper. I have been secretary-treasurer of the company, and I presume I may say that all the management to a large extent has fallen on my shoulders, only what direction has been given by Mr. Sumner from time to time since he has been there, for the last five or six years. And so far all the money that I have seen has been going into the company—none came back for any salary or anything else.

By Mr. Stockton:

Q. You don't tell us that you would haul the oil from St. Joseph's college to College Bridge across the ice—you said something about ice?

A. In the winter time they make their roads through the marsh.

Q. You cannot go across that river in the winter time?

A. You have to go across the bridge in every case.

Q. You left the impression that you go across the ice?

A. No.

Q. Knowing the locality, I knew you could not.

A. Just the ice on the marsh. You could not cross the ice on the river; you could not get on to it with a load.

By Mr. Macdonald:

Q. I want to know definitely and clearly from you as to whether you state positively to this committee that with the exception of these two cars of which you have spoken, all the other oil supplied by the company to the Intercolonial has been the product of the company?

A. Positively so.

Witness discharged.

Mr. FRED. W. SUMNER called and sworn.

By Mr. Macdonald:

Q. You reside in Moncton?

A. Yes, sir.

Q. You are a wholesale merchant there?

A. Yes, wholesale hardware.

Q. Former mayor of the city of Moncton?

A. Yes.

Q. And you are a member of the Legislature of New Brunswick?

A. Yes.

Q. Supporting the Conservative party as well?

A. Solidly.

Q. Well, now, Mr. Sumner, you are manager of the New Brunswick Petroleum Company?

A. Yes, sir.

Q. Would you just tell us what the purposes and objects of that company are, and how it came to be incorporated, in a few words?

A. There have been symptoms of oil in that county for a great many years. There was a party secured a franchise from the New Brunswick legislature, with the liberty of prospecting up to a certain period, we will say 1907 or 1908. They had a total franchise of the whole of New Brunswick, of 18,000 square miles, with the liberty at the end of this period of picking out 10,000 square miles which they would have full rights on, and the oil rights on the said 10,000 square miles.

Q. Yes?

A. Well, we have always been more or less interested, being one of the original incorporators, I think, and I did not take any very active interest in it except in a financial way until 1904, when Mr. Emmerson went out. I believe he became Minister of Railways. He had not taken any very active management that I know of in the company until during the year 1901, I think he took more interest then than any other time. I was then elected—I think I had not attended at the meeting, but a number of my friends were there and they persuaded me to accept the managership, and sign the cheques. At that time they had spent a great portion of the amount that had come in and had begun to draw on themselves and make notes to carry it on. They had a number of low producing wells—I mean wells which produced three or four barrels a day—and you can readily understand when you strike oil at all it is a rather fascinating proposition, and a great many people that had been in the Pennsylvania field—I never have been there myself—but we had experts who thought it was a good proposition and that we might at any moment strike good flowing wells. Consequently they got different people to come in. We had spent somewhere in the

vicinity of $200,000 in the development, and it has all been spent in development, we have never tried to state anything to the public except that we had found oil and we might at any well get a very heavy paying proposition. Mr. Emmerson since that time, in 1904, has had no direct—I may say no indirect—management of the company, and took no interest in it that I could see. I had no communication from him except to write once or twice urging on the company to accept his resignation in due form, but he was urged by the directors to hold on nominally. You can understand the reason. They felt he had been president and he would give a certain amount of prestige, but I can clearly state here that he had nothing to do with the financial direction of the company from that date. At that time of my coming in as manager, nominal manager, I might say, previous to that the policy was to save the oil, and they even had plans to build a refinery. But on consultation with people that knew I decided that they had not sufficient production or sufficient oil. They had an accumulation of intermittent pumpings, that is, we had not been pumping steadily, we pumped as it suited us, as we could get it hitched up to our machinery. You can understand, if you have a well here and one there you cannot hitch it up. We only had one well here and another there, and we only gathered the oil that was handy. There was no other way of doing it because we did not pump it steadily we accumulated it. I thought, in figuring at the time, in August last, when we took the board of trade to visit the works—we took some 150 people at the invitation of the Moncton Board of Trade to show them the industry in August, I think; we had wells working, all we could, and it showed very well; and from my judgment, and I am quite positive I am sincere and sound in it, I thought we had somewhere in the vicinity of 80,000 gallons of oil in our tanks. We have tanks in Dover, some six or seven, that would contain 6,000 or 7,000 gallons of oil, and we had a tank at St. Joseph and that would contain about 2,000 barrels, and three tanks at Memramcook station.

Mr. LODGE.—Four tanks there.

WITNESS.—Four, was it. My policy then, as I went on to state when I came in, was to sell the oil and try to get some funds. We were selling a few barrels here and there to a great many different parties, and I am free to own that I think I canvassed Mr. Lodge different times to see if he could not sell to the railway. They were using the Standard Oil product. I may say that I did not think anything particularly about the price. I simply said try and get what we can, the going price, and I think that is the opinion that I voiced to Mr. Lodge. We wanted to sell the product at home, as I was a strong protectionist and believed in carrying it out, and the fact is that we eventually did sell to them as well as to others.

Q. Well, now, Mr. Sumner, that explanation is very full and fair. Some attention has been called to the fact that whereas in the winter of 1905 your company sold to the railway this oil and delivered it, that this year there were two cars which were sold from Sarnia, and I would like to know from you, seeing that you must have had oil in stock, why it was that you were able to deliver your oil last year and were compelled this year to get the Sarnia oil?

A. I may say here that in 1905 we had a larger staff of men and more horses.

Q. The winter of 1904-05?

A. Yes, we had a little larger staff and we had never tried to load the tank cars with tanks and horses. It congealed then and it was a very bothersome and expensive arrangement which I did not want to undertake again, more especially that this winter we had a smaller staff and it cost the company as much as it was worth to get it in.

Q. What is the effect on the oil running from the tanks in the winter?

A. We are not properly rigged to load oil in the winter, the kind of oil we have. It is very heavy and congeals, and we want facilities to warm it, which we did not have at Memramcook station, consequently it would be a very expensive operation.

Q. That was the only reason with regard to these two cars?

A. That was the only reason, and it was done partly on my recommendation.

Q. In the interest of the company?

A. Yes. We had reduced our staff to only two men and two pairs of horses.

Q. That was all the staff you had?

A. And they were to do the pumping and keep our franchise in good shape.

Q. As manager of the company I want to know what you say as confirming the statement of Mr. Lodge that with the exception of these two cars of oil referred to there was no other oil sold by the company to the government except what came from your own production?

A. That is correct, I positively state that all the oil sold to the government and to other parties as well was the production of these wells and shipped from there to the government and to the other parties, and the other two cars were two cars brought from Sarnia, and that was simply done to hold our connection so that we could go on this spring again. That is the true inwardness of it. We were anxious—we did not know what would take place this year. We were pumping and we wanted some oil to go on with the work if possible, I may state that there has never been any remuneration to any of the financial men interested. Mr. Emmerson's name has never appeared on any of the cheques.

Q. Has he received any money from the company through his connection with it?

A. No. I do not believe he would take it. I do not believe anybody would. This has been more of a sentimental affair, and if it turned out well it would be a good thing for the county.

Q. It was in the interests of the county generally to develop the industry?

A. Yes, I may explain that I feel very strongly on the point, because that is the only feeling I have ever had in regard to the company.

Q. So far, Mr. Sumner, in regard to the sales to the Intercolonial or any other party, has the Minister of Railways received any money from the company by reason of these operations?

A. Oh no, not the slightest. I sign every cheque and know the financial standing as it went along.

Q. In regard to Mr. Pearson?

A. Yes, in regard to him; he invested quite a lot of money and has been a very strong backer of it and I believe thinks it will eventually turn out very well.

Q. To what extent has Mr. Pearson invested?

A. I think he must have $20,000 or $30,000 in it. He has been paying in different years and taking up notes as they went along.

Q. Several prominent men in the province have been putting their money into the company with the hope that eventually an oil field might be established in New Brunswick?

A. That is the procedure.

Q. And there has been no hope of personal gain in connection with the matter, rather a looking forward to the ultimate development of the industry?

A. Entirely. We simply wanted to get money to go on with.

By Mr. Barker:

Q. You are likely to go to England too?

A. I did agree to go April 10th.

Q. And yesterday Mr. Ames was asking Mr. Lodge, in the event of our wanting some more papers, where we would get them. As you are manager and he is secretary, both being away, where can we get them?

A. I do not think I will be away. You can get them from me at Moncton.

Q. But if you are away?

A. We will give you papers, most certainly.

Q. I do not think we will want the papers, I think they are here, if we did want any papers we will apply to your office.

A. You are welcome as far as I am concerned and I will arange for a person to bring them here. I can assure you as far as the company or myself is concerned it is thoroughly straight. I am sorry in one way that they have sold any oil to the railway, but you will understand that naturally we wanted to do business, wanted to sell all we could. I did not know anything about the use of it afterwards, except that experts tell us that we have splendid oil.

Witness discharged.

APPENDIX.

During the examination of Mr. Sumner the following letters were filed as exhibits:—

EXHIBIT 2.

INTERCOLONIAL RAILWAY OF CANADA.
OFFICE OF THE GENERAL MANAGER,
MONCTON, N.B., 26th January, 1905.

DEAR MR. EMMERSON,—I have your letter dated January 23rd, with reference to the use of the New Brunswick petroleum for the manufacture of Pintsch gas. The report on the test of this oil seems to be favourable, and we are ordering it for making Pintsch gas instead of the oil formerly used.

Yours very truly,
(Sgd.) D. POTTINGER.

Honourable H. R. EMMERSON,
Minister of Railways and Canals,
Ottawa, Ont.

EXHIBIT 2-A.

INTERCOLONIAL RAILWAY OF CANADA.

D. BRYCE SCOTT,
Electrician.
Moncton, N.B.

OFFICE OF THE ELECTRICIAN,
MONCTON, N.B., 27th January, 1905.

DEAR SIR,—Referring to your R-59056 of January 25th, 1905, and attached papers from the general manager in reference to oil for making Pintsch gas. The general manager asks if the New Brunswick oil will suit us. The best that I can say is that I think it will, judging by tests, but I cannot say as we had no chance to test it in actual service.

In regard to the cost: The stores department charges us ten cents per Imperial gallon for the Buffalo oil supplied by the Imperial Oil Company. This oil is delivered f.o.b. Montreal in bond. The I.C.R. freight rate on a tank car lot from Montreal to Moncton is $104.47. Mr. Lodge states that they are now selling the product of the New Brunswick Petroleum Company to the I.C.R. at ten cents per gallon f.o.b. Memramcook, but he will meet us all right in regard to price. At any rate, the latter price is more advantageous to the railway, on account of the short haul.

It will cost, approximately, $50 to pipe the underground oil tank so we can keep the oil warm. In regard to keeping it warm after the tank is equipped, I cannot give any exact figures, but it will take very little steam to do this.

Yours respectfully,
(Sgd.) D. BRYCE SCOTT,
Electrician, I.C.R.

J. E. PRICE, Esq.,
General Superintendent,

EXHIBIT 2-B.

INTERCOLONIAL RAILWAY OF CANADA,

D. BRYCE SCOTT, Electrician.

OFFICE OF THE ELECTRICIAN,
MONCTON, N.B. 18th January, 1905.

D. POTTINGER, Esq.,
General Manager, Moncton, N.B.

DEAR SIR,—I inclose herewith a report of a test made of two barrels of oil furnished by the New Brunswick Petroleum Company as samples. This oil was tested during my absence by Mr. Lockhart. I talked the matter over with him and submit the report as it stands.

Yours respectfully,

(Sgd.) D. BRYCE SCOTT,

Electrician, I.C.R.

EXHIBIT 2-C.

INTERCOLONIAL RAILWAY OF CANADA,

D. BRYCE SCOTT, Electrician.

OFFICE OF THE ELECTRICIAN,
MONCTON, N.B., 17th January, 1905.

DEAR SIR,—As requested by the general manager, I made a test of the crude oil furnished by the New Brunswick Petroleum Company. Testing it for gas purposes as compared with the average which we get from Buffalo, I find as follows: The New Brunswick Petroleum Company's oil contains practically no water, while the Buffalo oil often carries a very large percentage of water.

Some consignments of the Buffalo oil thicken up very rapidly when exposed to the cold, and we have had considerable trouble in handling them in winter weather. The same applies to a greater extent to the two barrels of New Brunswick Petroleum Company's oil which I tested, the oil thickens up and becomes pulpy when exposed to the cold. Testing it by burning, I find the New Brunswick oil a little more rapid than the Buffalo oil, no doubt caused by the presence of naphtha which has not been distilled from the crude New Brunswick oil. Testing it in the retorts for gas, I find that it does not make any more tar, or deposit any more dirt, than the Buffalo oil.

The trowel test shows the New Brunswick oil to make good gas and a gas rich in carbon.

I burned it a while in the test lamp and the result was satisfactory. I can see no appreciable difference in the cubic foot per gallon output between the two oils.

It was impossible for us to test it in actual service, as you are aware, and I could not make a thorough test of the gas in compression, showing deposit of hydro-carbon when heated, as we were pumping this gas into holders containing gas made from the Buffalo oil.

As far as I can see and to the best of my judgment, the oil furnished by the New Brunswick Petroleum Company (if of same standard as samples sent) would make good Pintsch gas.

This oil would give good satisfaction at our plant in the summer weather, but we cannot handle it in winter weather with the apparatus we have, unless some arrangement is made for warming the oil and keeping it at a temperature of say 80 degrees Fahr. in the underground tank. This could be done by putting three or four lengths of steam coil in our underground tank and carrying steam through from some of the steam pipes in the furnace room. I am of the opinion that we could use this oil if such arrangements for heating were made. I would, however, again draw your attention to the fact that I had no chance to test the gas in actual service.

Yours respectfully,

D. BRYCE SCOTT, Esq.,
Electrician, I.C.R., Moncton, N.B.

(Sgd.) JOHN H. LOCKHART.

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

CONCERNING THE ACCOUNTS OF

WALTER CUNNINGHAM

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY.
1906

[App. No. 3—1906]
3—47

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
July 7, 1906.

The Select Standing Committee on Public Accounts beg leave to present the following as their

THIRTEENTH REPORT.

Your committee have had under consideration the accounts, vouchers and other papers relating to payments to Walter Cunningham, as set out at pages P—61 and V—31, 32 and 43, of the Report of the Auditor General for the fiscal year ended June 30, 1905, and in connection therewith have examined witnesses under oath, and for the information of the House, report herewith the evidence given by such witnesses and the exhibits filed; and your committee recommend that same be printed.

WILLIAM ROCHE,
Acting Chairman.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
April 27, 1906.

The Select Standing Committee on Public Accounts met at 10.30 a.m., Mr. Belcourt in the Chair, and proceeded to the consideration of the accounts of Walter Cunningham, Ottawa, as set forth on page P—61, of the Auditor General's Report, for 1904-5.

Mr. WALTER CUNNINGHAM called and sworn, and examined

By Mr. Barker:

Q. You live in Ottawa, Mr. Cunningham?
A. Yes, sir.
Q. What is your business?
A. Grocer.
Q. I find here an account produced from you, W. Cunningham, to steamer *Maisonneuve*, Marine and Fisheries Department, May, 1904—the first item May 14, 1904, and last October 27, 1904, amounting to $348.76?
A. Yes.
Q. Have you got a copy of that account here?
A. Yes, I have it here.
Q. Who gave you the orders for these items?
A. The late minister, Mr. Préfontaine.
Q. I mean who personally gave you the orders?
A. Well, I guess it was the boatman that takes charge of the boat, the men that have charge of the boat. The captain of the boat generally brought the orders down.
Q. I do not want you to say anything about guess work?
A. The captain of the boat, whoever had charge of the boat.
Q. Whoever had charge of the *Maisonneuve?*
A. Yes, sir.
Q. Ordered these goods from time to time as you delivered them?
A. Yes.
Q. Would the orders be given in writing or verbally?
A. Well, sometimes in writing, sometimes verbally.
Q. Have you got any written orders?
A. Well, I do not know, I probably could find them. I did not know anything about this until this morning.
Q. I am not finding fault. Do you think you could find them?
A. Yes.
Q. And would be willing to produce them?
A. Yes.
Q. Who was the captain or officer in charge of the boat?
A. They have different captains different times. I think they made a great many changes.
Q. Different captains?
A. Yes.
Q. Within three or four, or five months?
A. Yes, different men ordered the goods.
Q. Were there different captains in charge of the boat within three or four months, from May to October?
A. Yes.

Q. Can you tell me who they were?

A. No.

Q. You do not know one of them?

A. No.

Q. How do you know there were different captains?

A. They would come to the store and order the things, and we would send them down in the wagon.

Q. Were you there?

A. Most of the time.

Q. Any man that came and gave you an order, without knowing the man, you would fill the order?

A. Well, I think that mostly they always had a written order and we would copy it off in the store and send it down.

Q. That would be a written order, mostly?

A. Yes, I am pretty sure. I guess I can find them.

Q. Please look that up, and we will have you again. You cannot recall the names of any one of these officers?

A. No.

Q. Did they deal with you any other season than this?

A. I do not remember, I do not think so.

Q. Was the *Maisonneuve* here from May until October, 1904?

A. Well she was here any time that the goods were ordered because we always sent them to the *Maisonneuve.*

Q. Must have been here every day that these goods are charged?

A. Yes.

Q. And you are quite confident the *Maisonneuve* would be here every day of this account that you charge goods?

A. Oh yes, I am pretty sure about it.

Q. Who were your delivery men at this time?

A. I cannot very well say we had a good many.

Q. Had you several at one time?

A. We keep three.

Q. Tell us the the names of them?

A. I do not know whether I can, I can look up and see.

Q. You cannot tell me from recollection who were your delivery men in the summer of 1904?

A. I could look them up if I went to the store.

Q. You cannot tell me now?

A. No.

Q. You cannot recollect one of them now?

A. No.

Q. Each of them having a horse and cart?

A. Yes.

Q. Where would the *Maisonneuve* lie?

A. She used to be down at the foot of the locks, on the government dock, I think,

Q. I see that charges run in this wise:—May 14, 17, 18, 21, 23, 26, 27; June 1, 2, 4, 7, 9, 11, 14, 15, 17, 18, 21, 22, 23, 24. Then she stops from June 24 until July 23, 25, 26, 27, 28, 30; then she stops until September 7, 15; then that is the only big order I see; October 15, 18, 19, 21, 22, 26, 27. You are quite confident that she was here on all these occasions?

A. Oh yes, she would be here.

Q. Who is W. H. Noble?

A. I do not know.

Q. You do not know any person named W. H. Noble, who would be able to certify to these accounts as goods received?

A. No.

APPENDIX No. 3

Q. 'Goods received, certified correct, W. H. Noble.' You do not know him?
A. No, sir.
Q. Did you ever deliver any of these orders?
A. No, sir.
Q. Never did?
A. No, sir.
Q. Have you ever gone down to see the boat when she was there?
A. I have seen the boat, yes. I was in it once.
Q. During this account?
A. It must have been during that time.
Q. Can you recall now, about what time that was?
A. No, I do not remember.
Q. Whom did you see on board the boat?
A. I do not remember. I just remember going in and coming out again, just to see the inside of it.
Q. You were not going there with goods or anything of that kind?
A. No, just to see the boat.
Q. I need not detail all these. It is a general grocery account—milk, eggs, butter, and so on; flour and oranges, cucumbers in May, Radnor, ginger ale, ale, everything of that class?
A. Whatever is charged there, they got.
Q. Claret?
A. Yes, I think they got a case of claret or something.
Q. Was that for the captain?
A. I do not know who it was for. I did not ask them.
Q. Bath brick—would they want bath brick?
A. Yes, I suppose for polishing up.
Q. A pair of chickens—perhaps for the captain. Was that going on all this period without you knowing anything more than that some person came to you and gave you a written or verbal order and one of your men would take the goods away. Is that all you knew about it?
A. That is all I knew about it, yes, because I understood from the minister that I was to supply that boat.
Q. You understood from the minister that you were to supply that boat?
A. Yes.
Q. When was that understanding ?
A. They have a bill for everything they got.
Q. I am asking you now about your understanding with the minister, when and where did you come to that understanding?
A. Well, the late Mr. Préfontaine used to come into the store sometimes and I guess probably—I do not remember exactly—I know I got it from him. I used to meet him sometimes in the department, and sometimes in the store.
Q. He came to the store and you went to the department also?
A. Yes.
Q. Which place did you have this understanding?
A. I cannot think just now where we had that understanding.
Q. He told you to keep the *Maisonneuve* supplied?
A. To give them whatever they sent for.
Q. Anything further, do you remember on that head?
A. No, sir, not that I know of.
Q. Did he deal with you in other matters than this?
A. Yes, he kept his house account at my place.
Q. That is his private account?
A. Yes, private account.
Q. And while he had his private account there he called on you and told you to furnish the *Maisonneuve* also?

A. Oh yes.

Q. Did anybody else connected with the department deal with you?

A. How do you mean?

Q. Did any other person connected with the Marine Department deal with you?

A. I suppose I have probably a dozen dealing in my store—a good many of them.

Q. A dozen from that department?

A. Yes, we have a good many of them.

Q. About a dozen you say?

A. I do not know how many, we have a good many, I know, trading in our store.

Q. Would there be any possibility of a mistake now in any of these accounts, officers and others and goods being sent to the wrong place?

A. No.

Q. You are quite sure of that?

A. Quite positive.

Q. I am not saying you would send anything to the wrong place. Would it be possible to make mistakes?

A. No, sir, not in that case.

Q. Did you take any particular care that no mistake should be made?

A. We do with all our business.

Q. You take great care with all orders?

A. Yes.

Q. You are quite confident there will be no mistake in this?

A. Yes, no mistake.

Q. I suppose you are absolutely certain as far as you can be that the *Maisonneuve* was here every day?

A. I am quite positive. We would not put the goods on her unless she was here.

Q. Well, I would like to get, Mr. Cunningham, all these orders.

A. All right. Just give me a list. You want all the orders?

Q. All the orders for these individual items.

A. I will get all I can.

Q. Yes, and bring the names of the drivers at that time; and any receipts in books. Do you send out delivery books?

A. No, just the duplicate sheet.

Q. With the delivery by the carter?

A. No, we send a slip with all the items on it and it remains with goods every time.

By the Chairman:

Q. Remains with the customer?

A. Yes.

By Mr. Barker:

Q. You do not get back any cheques?

A. No.

Q. Give us the names of the drivers, and as far as your books show, the man who took these particular goods to the vessel?

A. Yes, I will.

Q. Was there any tender generally for goods supplied by you to the government either for this or for any other service?

A. I do not think so.

Q. What was the total amount of your dealings with the government in a year?

A. I cannot tell you. I think it is all down there, if it is added up.

Q. I just want to know within say, $50?

A. I cannot say, I am sure. You have it all there, I think. I am told it is $1,214.

Q. In the year?

A. Yes.

APPENDIX No. 3

Q. Was that the highest you had?
A. Yes.
Q. There was no tender asked for?
A. No, sir.
Q. No price lists asked for or anything of the kind?
A. No, sir.
Q. When did you first make the arrangement to deliver these goods to the government?
A. I do not remember exactly when.
Q. What year?
A. I cannot very well tell.
Q. How many years has it been going on?
A. Probably a couple of years.
Q. Then, did it originate the same way you said the other did—through the personal request of the minister?
A. Well, I think so, yes.
Q. You think it was at the personal request of the minister?
A. Yes.
Q. Was that the only order sent you?
A. We never sold very much to the government only that, I think we sold one order to the Lowe expedition one time and then this to the *Maisonneuve*. The other things did not amount to much.
Q. You did not send anything to the departments?
A. No.
Q. Did you deal with any other departments through the order of the minister or officials?
A. Yes, I dealt with the Georgian Bay Canal.
Q. What department is that?
A. I do not know what department that comes under.
Q. The Marine and Fisheries too?
A. No.—Public Works.
Q. You dealt with that department in what way—in supplying——
A. In supplying some outposts where the surveys were.
Q. Supplying the surveying parties?
A. Yes, some of them.
Q. To what extent would that go?
A. I cannot exactly tell you,—no, I cannot tell you.
Q. Roughly speaking?
A. I cannot say.
Q. In a year?
A. I do not think it was a year. I do not think they were out six months.
Q. Well, six months?
A. I cannot tell you very well.
Q. Any tenders there?
A. No, sir.
Q. Who gave you the order there?
A. The head of the engineering party.
Q. Any order from the minister?
A. No, I do not think so.
Q. Had you any other department that you are dealing with?
A. I think that is all.
Q. These are the only two departments?
A. Yes.
Q. And in the Public Works, all you know is the engineer came in and ordered them, and you were paid?
A. Yes.

By Mr. Ingram:

Q. What year was that?

A. Last year, I think—the time they were surveying down the river here.

By Mr. Johnston:

Q. How long have you been doing business in Ottawa?

A. Twenty-five years.

Q. Briefly, would you tell us about your system of delivering goods?

A. Well, the system that we have of delivery, we send a bill of everything that leaves the store.

Q. Have you your own delivery wagons?

A. Yes, we have three.

Q. Your own?

A. Yes.

Q. Are you in the habit of calling in any special delivery man?

A. No.

Q. You do not employ a man for a long number of years—you told us you changed from time to time?

A. We change drivers pretty often.

Q. With regard to the understanding that you had with the Minister of Marine and Fisheries for the purchase of these articles, did you have any understanding with the minister as regards prices?

A. No, sir.

Q. Did you have any understanding as to prices?

A. We were to charge proper prices.

Q. And what do you say with regard to these prices?

A. I think the prices are fair prices; the prices are all right.

Q. You regard these prices as fair prices?

A. I regard these prices as all right.

Q. That would compare with the prices of things at the various other grocery stores throughout the city?

A. Yes, sir. In fact some of the prices are cut pretty finely.

Q. It is not an unusual thing that you should sell cucumbers to your customers?

A. We sell them all the time, we have them in stock to-day.

Q. Not even unusual to sell them in May?

A. We sell them in May, we keep them all the year around.

Q. Is it an unusual thing to sell bath-brick to your customers?

A. No, we sell them right along.

Q. The member for Hamilton has called attention to cucumbers, bath-brick and chickens. Is it a particularly unusual thing to sell chickens to your customers?

A. We keep them every day in the year.

Q. Is it a very unusual thing to have officials of the Marine and Fisheries Department deal with you?

A. We have officials of every department.

Q. That has not been going on only for the last year or two.

A. Ever since we have been doing business, I guess.

Q. So you say with regard to all these prices, that they are fair prices?

A. Yes.

Q. All these goods charged here have been furnished to the steamer *Maisonneuve*?

A. Beg pardon?

Q. All the goods making up this account have been furnished to the steamer *Maisonneuve*?

A. All those charged have been furnished, yes.

Q. For the purpose of the steamer?

A. For that purpose.

APPENDIX No. 3

Q. Whatever is charged?
A. Whatever is charged in the bills there for the *Maisonneuve*.
Q. I see some items here in your account—4,000 pounds of ham and bacon——?
A. That is for the Lowe expedition.
Q. The price of that bacon is 15½ cents a pound?
A. Yes.
Q. Do you consider that a fair and reasonable price?
A. I consider that 2½ cents under the ordinary price. It runs 18 to 20 cents in the retail store. We sell that bacon at 20 cents in the retail store.

By Mr. Ingram:

Q. Who was the minister with whom you had the understanding?
A. The late Hon. Mr. Préfontaine.
Q. Not with any other minister?
A. No, sir.

By Mr. Foster:

Q. Have you arranged so that it shall continue under the present minister?
A. I have not had anything from the new minister. I beg your pardon, I did not know Mr. Brodeur was here. I may say that Mr. Brodeur trades at my store.

The committee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
TUESDAY, June 13, 1906.

The Select Standing Committee on Public Accounts met here this day, at 10.30 o'clock, a.m., Mr. Belcourt in the Chair, and proceeded to the further consideration of the accounts of Walter Cunningham, as set out at P—61, of the Auditor General's Report, for the fiscal year ended June 30, 1905.

Mr. WALTER CUNNINGHAM further examined

By Mr. Northrup:

Q. I think the last time you were examined you were to let us have the names of the men who delivered the goods to the *Maisonneuve*.
A. I think the man that delivered most of the goods was a man named Latour, a driver named Latour. He is in Ottawa now.
Q. And he delivered most of the goods?
A. Yes, sir.
Q. Who ordered these goods that were supplied to the *Maisonneuve*?
A. Whoever was in charge of the boat, the captain of the boat.
Q. They were ordered from day to day by whoever was in charge of the boat?
A. In charge of the boat, yes.
Q. Were all these goods sent to the boat?
A. Every one of them.
Q. And during the days that the charges are made for this boat it must have been lying at Ottawa.
A. Yes, unless some one came to Ottawa and left an order. There might be a difference in that way. In that case the goods might not be delivered until next day.
Q. You are safe in saying the boat was in Ottawa?

A. When the goods were delivered.

Q. Do you happen to know of your own knowledge, what that boat was doing here?

A. I do not know.

Q. You did not see her doing anything?

A. No, sir.

Q. What authority had the men to come to Ottawa to give you an order for goods and what authority had you to honour their orders?

A. I had authority from the minister, Mr. Préfontaine.

Q. He gave instructions to you?

A. To furnish the boats.

Q. With anything they wanted?

A. Yes, sir.

Q. And so, having a general order to furnish this boat with anything which was wanted, you honoured any orders that were sent to you?

A. Yes, sir.

Q. Did it ever strike you that, for a small boat, they were using an immense amount of Radnor and ginger ale?

A. I did not know what number of men they had on the boat.

Q. Did it ever strike you, when these orders were coming in, that you should see the minister in order to make sure that they were not getting too much Radnor and ginger ale?

A. It would not be my place to make a complaint of that kind.

Q. You would honour any orders for goods without question?

A. I did not know what was the size of the boat or what they were using it for.

Q. You knew it was a little government yacht?

A. I did not know what it was used for.

Q. Did you never make inquiries of anybody, why it was they were using such quantities of ginger ale or Radnor?

A. No, sir.

Q. Have you looked through the accounts since to see what is contained in it?

A. I do not think I ever did.

Q. Look through the account and see if the amount of Radnor and ginger ale would not be enough to float a boat.

A. I have a copy of the account. I do not think there is much ginger ale. A lot of Radnor is there.

Q. Look it down day by day, and see?

A. A dozen at a time, you know.

Q. Look at May 14?

A. May 14, a dozen of each.

Q. What have you there in the way of beverages?

A. May 14, I have a dozen Radnor and a dozen ginger ale. There are a dozen bottles charged in and they got credit for them when they returned them.

Q. Bottles?

A. That the stuff was in.

Q. You charged for a dozen Radnor and a dozen ginger ale?

A. And a dozen bottles.

Q. Then there are four bottles of something else in addition to that, are there not?

A. No. I do not see it. There are four bottles of milk here, I see.

Q. There are four bottles of something else which they had on the same day?

A. What day, on the 14th?

Q. Yes, on the 14th. Look at the eighth line in your account.

A. Four bottles, that is milk bottles.

Q. Those are milk bottles, then I will not bother about that. There were a dozen Radnor and a dozen ginger ale on that day. Was there not a dozen ginger ale supplied later on in the same day?

A. On the 14th?

APPENDIX No. 3

Q. Yes, I have it here almost the last item, it is the third or fourth from the last item: 'Ginger ale, 60 cents.'

A. There were a dozen bottles on that day, 60 cents.

Q. You could not have charged 60 cents a bottle?

A. No, 60 cents for the empty bottles.

Q. So that there was a dozen Radnor and a dozen ginger ale supplied that day and the charge came to $2.20?

A. No, $1.20, 60 cents for each. Sixty and sixty is $1.20.

Q. And did they return the bottles?

A. If they did, they got credit.

Q. It has not been credited as far as I can see.

A. There are items of 70 cents, 50 cents, and 50 cents down here.

Q. You will find that all these credits come to less than these bottles of milk?

A. Perhaps they did not return them all.

Q. You charged the country for quite a number of bottles, which you say are bottles of milk?

A. Yes, sir.

Q. Then they were credited off?

A. When they were returned.

Q. If you look at your account, you will find there are no bottles left. All the bottles you have credited here would be required to exhaust the bottles you have charged for?

A. Any bottles that are returned, we always credit them. If you notice on the account there are the items 50 cents, 70 cents, 50 cents.

Q. You charged the government with a lots of bottles of milk at ten cents a bottle?

A. We charge them for everything that goes down.

Q. You charged for the bottles of milk?

A. Yes.

Q. And you credit the certain number of bottles, you say?

A. Yes.

Q. You have not credited as many bottles as you charged bottles of milk for, and therefore you cannot take bottles of milk and charge them up as against both the ginger ale and the milk?

A. I do not understand you. We always credit any bottles that come back.

Q. If you look at your account, you will see that you have credited the government with a certain number of bottles?

A. Yes, sir.

Q. You have credited the government with a certain number of bottles, that is correct?

A. Yes.

Q. You charged the government for a certain number of bottles of milk?

A. Yes, sir.

Q. You have not credited them with as many bottles as you have charged for bottles of milk? Therefore all the bottles you have credited are charged up against the bottles of milk. Surely then, you cannot have any bottles left to set off against the ginger ale. Cannot you see that?

A. I cannot see it, I may be a little thick-headed, perhaps.

Q. Take May 23, and see if they did not get some more Radnor?

A. A dozen Radnor, yes.

Q. Then take June 4?

A. Yes, sir.

Q. You will find a dozen Radnor there?

A. Yes, sir, a dozen Radnor.

Q. And a dozen ginger ale on the same day.

A. Yes.

Q. A dozen Radnor and a dozen ginger ale, and then there is a second dozen of ginger ale on June 4: 'One dozen ginger ale bottles, 60 cents.'

A. Yes, sir. These bottles are credited. You can see all the bottles that are credited in the inner line of the account. There is 40 cents, 50 cents——

Q. These bottles you are crediting are milk bottles. You first charge them with the bottles of milk?

A. When they came back, I credited them.

Q. And when you got them back you credited them?

A. Yes, sir.

Q. If you got these bottles for milk you cannot charge them up for everything else too?

A. We have credited both kinds of bottles here.

Q. But you have not enough bottles to account for the milk?

A. Then they must have kept them there.

Q. Take June 23, I think you will find Radnor and ginger ale there?

A. June 23, yes.

Q. You find a dozen Radnor there?

A. Yes.

Q. And then either the 23rd or 24th a dozen ginger ale?

A. Yes, the 24th.

Q. Now, take these milk bottles. On the 23rd you have four bottles?

A. Four milk bottles, yes.

Q. And four more on the 24th?

A. One gallon of milk on the 24th, and that will be contained in four bottles. You know in a gallon there are four quarts.

Q. So that between the 23rd and 24th, you have eight bottles of milk on those two days, is that correct?

A. I guess so, that is on the bill.

Q. And each bottle held a quart?

A. A quart.

Q. And the price was 10 cents a quart?

A. Yes, sir.

Q. Take July 20 again and see what quantity of milk was supplied on that day?

A. A gallon of milk.

Q. On the 28th?

A. Yes, on the 28th?

Q. What is the price, 60 cents?

A. Thirty-two cents. Four eights are 32, 8 cents a quart.

Q. On July 28, there are four bottles also?

A. I see one gallon and four empty bottles. That is empty bottles at ten cents each.

Q. You see a gallon of milk, 32 cents, and four bottles at 10 cents each, 40 cents on the same day, that is the 28th.

A. Yes, sir.

Q. Now look at the 30th?

A. Yes, one gallon of milk, 32 cents, four quarts.

Q. Take September 7, 3 dozen Radnor?

A. Three dozen Radnor, yes

Q. Take October 15, and you find both Radnor and ginger ale ?

A. A dozen Radnor and half a dozen ginger ale on October 15.

Q. Then take October 18?

A. There is a dozen ginger ale.

Q. See if there is some Radnor on the same day?

A. Half a dozen Radnor, yes.

Q. Take October 21?

A. A dozen ginger ale.

APPENDIX No. 3

Q. A dozen bottles?
A. Yes.
A. See if on that same day you did not get some milk?
A. Yes, a gallon of milk and one jar.
Q. And take the 22nd, what about that?
A. Half a gallon of cream and half a gallon of milk.
Q. Then take the 26th of the same month?
A. A dozen ginger ale.
Q. And some Radnor?
A. On the 26th?
Q. Six bottles Radnor?
A. Yes, half a dozen Radnor.
Q. On the same day you charged for 6 bottles of ginger ale?
A. A dozen bottles charged that day and five bottles returned, 50 cents credited on the same day.
Q. Those bottles, I am trying to make out, are milk bottles?
A. There are different items, making $2.45 for that day.
Q. Take that very day, 26th, you find six bottles charged?
A. Yes.
Q. And you find five bottles are credited on being returned?
A. Yes.
Q. Those six bottles charged would be what kind of bottles; ginger ale or milk?
A. They must be milk bottles, because they cost 10 cents each. The others cost 5 cents.
Q. If you would look a little closer you would see the credit to a milk bottle is 10 cents. You would not credit that amount to a ginger ale bottle?
A. No, sir. Of course the Radnor bottles are not charged, but the ginger ale bottles were always charged.
Q. There was some ice required, to keep these beverages cool, I suppose?
A. Yes, sir.
Q. Look at the account and see what the charge for ice was? There was a good deal of ice furnished that summer to the boat?
A. I guess they must have got ice at almost every order.
Q. What was the rate per ton?
A. I do not know, I did not want to furnish the ice.
Q. Well, it is charged here?
A. It is charged here, yes. I see 150 pounds of ice charged here. I think we charged 2 cents a pound for it.
Q. 150 pounds of ice at 2 cents a pound, is it?
A. I think the figures are marked here. Yes, 2 cents a pound.
Q. Just glance down the account. You told me, and I think correctly, that ice was got almost every day. See if that was not the price charged right through.
A. Yes.
Q. That would be $40 a ton, would it not?
A. Yes, but it was worth $40 a ton to put it on the dock there, to take a wagon and send it down there. It had to be cut to a certain size and put on the wharf. No person else would deliver it. I tried to get men to deliver it and they would not deliver it for me.
Q. The fact remains that it was $40 a ton.
A. For all they used.
Q. Did they buy all their supplies for that boat from you?
A. I could not say that, but they bought those anyway.
Q. Looking through the account, I notice fruit, oranges and pine-apple?
A. Yes.
Q. You hold those goods in stock?
A. All the year around.

Q. And a great many pies?

A. Well I used to buy them for them, if they would need the order.

Q. If they wanted pies, you would order them, would you?

A. Anything I did not have, I bought, everything else, I supplied them.

Q. Do you supply bread ordinarily?

A. We supply it, but they used to get fancy rolls made for them.

Q. The point I was trying to ascertain, is whether the goods you supplied to them, you bought or whether you had it in your own stock?

A. We sold most of these goods.

Q. Would you have meat pies?

A. That is the only thing, and bread, perhaps fruit cakes. We sent out for the milk. Of course we did not sell milk.

Q. Anything else they would order in that way?

A. No, I do not think so.

Q. I suppose they had liberty to order as many things as they liked?

A. We always honoured the orders they brought in, we got instructions to that effect.

Q. If you look towards the close of your account, you will see they bought twelve pies. Did you send out for them?

A. They are cheap little pies.

Q. Only 20 cents apiece?

A. Forty cents apiece?

Q. No. 20. Did you send out for them?

A. Yes, sir.

Q. Were you dividing up the profits on these goods with anybody in the department?

A. I do not think so.

Q. You would know?

A. I do not do business like that.

Q. You would know?

A. No, sir, I did not. Nobody got a cent out of it.

Q. Nobody's account was ever credited with anything ?

A. No, sir, not a cent.

Q. And were all the goods that are charged in this account delivered by you on the *Maisonneuve*?

A. They were all delivered by my rigs to the *Maisonneuve*, sure.

Q. When your goods were delivered at the boat, did you take any receipt from the people down there, a voucher?

A. A bill always accompanied the goods to the boat and the goods were checked off by the man in charge of the boat when they were delivered.

Q. Did you receive anything back as your voucher?

A. I always got an order for those goods when they ordered them.

Q. You got an order at the store? But what about you receipts? Did you get any receipt from anybody on the boat?

A. No, I do not think so.

Q. You never got any voucher when they were delivered?

A. No, sir, the man in charge always got the bill, the man in charge of the boat.

Q. I see at the end of your account there is the usual stamp 'received' and the initials 'W. H.' Who is he?

A. I do not know him at all.

Q. You never had anything to do with him? I am informed he is a man who does not live in Ottawa, but lives in Prescott.

A. I do not know him at all.

Q. Have you the orders with you that were given for these goods?

A. No, sir, I have not. I did not think it was necessary to keep them once they had been certified to and paid.

Q. You tore them up, did you?
A. Oh yes, I did not keep them.
Q. Had you any trouble in getting this account paid?
A. No, sir, I do not think so.
Q. It was paid in instalments, was it not?
A. Yes, I think so, because this is a running account, you know.
Q. Now about you other accounts, set out at V—31, 32 and 43, of Auditor General's Report. You had an account with the Public Works Department, had you not?
A. Yes, sir.
Q. That was for some horses and harness and sleighs that you bought for them?
A. Yes, sir.
Q. They were purchased when?
A. I have not got the bill here.
Q. November, 1905, was it not?
A. I guess it was 1905, yes.
Q. How many horses did you purchase for the Public Works Department?
A. Well, I guess you have got the bill for them there.
Q. You do not remember how many?
A. I do not remember.
Q. You purchased horses on different occasions during that winter?
A. Yes.
Q. How did you come to purchase horses for them?
A. I got an order from Mr. Hyman, from the minister.
Q. To do what?
A. To purchase horses.
Q. For the department?
A. Yes, sir.
Q. Was it an order in writing?
A. An official order, I think it was.
Q. Have you that order?
A. No, sir, I have not.
Q. What is back of that order?
A. I don't know, I am sure, what is back of it.
Q. Did the correspondence begin by you receiving an order to buy goods?
A. I went to Mr. Hyman myself and asked for the purchase of these horses, and I had an official letter later on from the department to purchase these horses.
Q. To purchase horses for the department?
A. Yes, sir, subject to the approval of their veterinary surgeon.
Q. It was not supposed at that time that you were selling these horses you had on hand?
A. Well I always keep a supply of horses on hand?
Q. I want to be sure that I understand you. You told me that Mr. Hyman instructed you to purchase horses for the department.
A. Yes, sir.
Q. So you were not going to him to offer to sell to him horses you had on hand then?
A. I had horses on hand at that time.
Q. I am not asking you that. Surely you understand English. I am not asking you whether you had horses on hand or not. I am trying to find out what the department ordered you to do. They ordered you to purchase horses for them?
A. Yes, sir.
Q. You did not go to any one and say: 'I have certain horses to sell,' or did you go out and buy them?
A. I went out and bought them, yes. I had horses enough on hand to fill the order. I had a lot of horses and kept a lot of horses in stock.

Q. He ordered you to do one thing or the other? You either went and said: 'I have some horses I want to sell,' and he bought your horses, or else he told you to go out and buy horses for the department?

A. I do not know that there is much difference in the way you put it.

Q. There is a good deal of difference?

A. I understood the department wanted horses, and I went to Mr. Hyman and asked him for the order.

Q. And he gave you the order?

A. He gave me the order to supply the horses.

Q. What was said as to prices when you were dealing with him?

A. There was a price according to weight.

Q. You were to buy horses and the price was to be according to weight?

A. Yes, sir.

Q. What was the price? How much per hundred?

A. I think it was that for a 1,100 average horse they were to pay $150.

Q. For 1,100-pound average horse they would pay $150?

A. And the other was to be in the neighbourhood, I think I got $375 for the other horses.

Q. Let me know as far as you can what the terms were?

A. You have got the bill there.

Q. I have the bill here, but I want to know what was the bargain or arrangement between you and the department, as the result of which you were to get $150?

A. There is a different price you know for the different weights in a horse. I had them in stock and the department sent a veterinary down and he put an average price on them. Afterwards they wanted to cut down the price $25 a team and I would not take it.

Q. I am trying to find out on what terms you bought these horses. In the first place you were to get $150 for horses weighing 1,100 pounds. What further terms were there?

A. Well, that the——

Q. There must have been some bargain under which you acted?

A. It was left to the veterinary surgeon to put the prices on them. He came down to the stable and put the prices on.

Q. Those are the terms on which you were instructed by the department—you were to get $150 on each horse weighing 1,100 pounds.

A. Yes.

Q. And a veterinary surgeon was to come to your stables and fix the price?

A. Which he did.

Q. And that was to be binding on both of you?

A. Yes, sir.

Q. Was that bargain put in writing?

A. I do not know I am sure. I think he was instructed by the department to that effect.

Q. Did that letter from the department containing these instructions mention those terms?

A. I don't know whether it did, I don't remember now.

Q. You are quite clear that you received a letter from the department ordering you to buy?

A. Yes, sir.

Q. And that letter would contain the terms in which you were to buy?

A. I do not know whether it would. I know it was to supply horses.

Q. When you got this order to buy horses in that way, was the number mentioned that you were to purchase?

A. Yes, sir.

Q. How many?

A. Whatever is here.

Q. You do not remember off-hand, but whatever number the bill shows?
A. Yes, sir.
Q. And you went out to buy the horses, did you?
A. Those I did not have in stock.
Q. When you got your order what was your first movement? Did you send some down at once or did you go and buy some?
A. I bought some. I keep buying horses every day and selling every day.
Q. That is not what I am asking you for. I am asking you what you did in this particular transaction. You received the order from the department to purchase a certain number of horses?
A. Yes, sir.
Q. What was the next thing?
A. I purchased the horses, whatever I needed to fill the order.
Q. To fill up your own deficiency? And then what?
A. I called a veterinary to come down and examine them, and check them.
Q. Who was the veterinary?
A. I think Dr. James.
Q. Did he go down and examine them?
A. Yes, sir.
Q. How long after, you received the order, would that be?
A. Well, I guess that was a very few days afterwards. It was January before they took them away.
Q. You bought them in December and they took them in January?
A. Probably two weeks before they took them.
Q. Before they were taken Mr. James came down and examined them?
A. Yes, sir.
Q. And then the price was fixed by him, was it?
A. Yes, sir.
Q. Would that be his certificate? (Producing document.)
A. It looks like it.
Q. A copy is it not?
A. That is it.
Q. That seems to be the certificate?

(Reads)

87 KENT ST., OTTAWA,
April 12, 1905.

I hereby certify that I was authorized by Mr. E. J. Rainboth, C.E., to examine nine (9) horses purchased by Mr. Walter Cunningham for the Georgian Bay Ship Canal survey in December and January last.

I considered the horses to be sound and the prices charged by Mr. Cunningham to be fair and just.

(Sgd.) A. E. JAMES, V.S.

This is dated April 12, 1905. So that apparently his certificate was not given until some months after the horses were delivered?
A. Well, I know he examined the horses before I took them away. I know he examined them before they were taken out of my stable. Of course, I know nothing about that.
Q. How do you account for the certificate being given in April when the horses were taken away in January?
A. I do not know, I am sure.
Q. As to his fixing the price, there is nothing in the certificate about that. Have you anything to show?
A. It says he thought the prices were all right.

Q. (Reads.) 'And the prices charged by Mr. Cunningham to be fair and just,' but you see you told us already that Mr. James was the man who was to fix the price.

A. Well, subject to his approval, you know of those horses.

Q. You were to charge what you liked, subject to the approval of Mr. James?

A. Yes.

Q. Then you told us he was to fix the price? That would not fit in?

A. He was to accept them at the price. He was the man that was sent down to the barn to buy the horses.

Q. The bill that you have here, you will notice, is dated January, is it not?

A. Yes, sir.

Q. And when was that bill paid, can you tell me?

A. I cannot tell you.

Q. Is there no way of fixing when it was paid?

A. I must have a receipt from the department for it.

Q. It is not so very long ago. Had you to wait some time or how was it?

A. I sent the account into the department and Mr. Rainboth objected to the prices or something.

Q. You sent an account into the department and Mr. Raiboth objected to the prices?

A. Or whatever officer was in charge.

Q. And was there some delay?

A. Some delay in the balance. They never settled the balance, they owe me the balance.

Q. You sent in your account and there was some objection to the price?

A. Yes, sir.

Q. By Mr. Rainboth?

A. By Mr. Rainboth.

Q. He was the engineer?

A. The engineer in charge, yes.

Q. This is part of the account he objected to. I see it was taxed down?

A. That is it.

Q. And the figures in red ink are his?

A. Yes.

Q. Then Mr. Rainboth as chief engineer approved of that account after it was taxed down?

A. Mr. Rainboth and the veterinary surgeon were at my stables when the prices were put on the horses and accepted the prices. Afterwards, Mr. Rainboth objected to the account. The horses were purchased by Mr. Rainboth and the government veterinary, Mr. James. They were both together and saw the horses and priced them.

By the Chairman:

Q. You fixed upon the prices mentioned in the first column of the account?

A. Yes, sir.

Q. In black ink?

A. That is written in indelible pencil.

Q. And those prices were agreed upon?

A. Yes, sir.

Q. Afterwards the veterinary surgeon cut them down?

A. It must have been Rainboth cut them down.

Q. Somebody cut down the prices in red ink in the second column?

A. Yes, sir.

By Mr. Demers:

Q. But you and the parties that came to the stable, Mr. Rainboth and Dr. James, fixed the prices that are in indelible ink on all of the articles?

A. Yes, sir.

Q. On all of the articles?
A. Yes, sir.
Q. On the sleighs?
A. Well, I think so. I know on the horses anyway.
Q. And the buffalo robes?
A. I do not know, perhaps the buffalo robes.
Q. And you have already supplied certain of the articles?
A. They took the horses away. There was James and Rainboth, and myself there when the horses were priced and afterwards they took them away.
Q. James, Rainboth, and yourself were present when the prices were fixed?
A. When the nine horses were priced.
Q. And they only priced the horses?
A. Yes, sir.
Q. They only put a value on the horses?
A. They took the horses at those prices. Those are the prices that were put on them.
Q. The prices that are in——
A. In indelible pencil.
Q. And James and Rainboth said that?
A. Yes, sir.
Q. That these were the prices they agreed upon?
A. Yes.

By Mr. Northrup :

Q. After the horses and sleighs had been delivered, apparently the engineer objected and cut down your prices. Then you had disputes with the department, had you not?
A. Yes, sir.
Q. And eventually the department paid you over the head of the engineer?
A. They paid me the balance on the horses. I threatened to sue the department unless they paid it.
Q. You had to get some other veterinary surgeon to examine your horses, did you not?
A. I did not have anybody to examine them. The governrment sent Dr. James to one lot and Dr. Gilpin to another lot.

By Mr. Foster:

Q. Who for the second lot?
A. Dr. Gilpin examined one lot and Dr. James the other lot.

By Mr. Northrup:

Q. Then you sent in this claim to the government? They had a veterinary of their's and you had you own veterinary?
A. No, I did not have any veterinary at all.
Q. Who were they engaged by?
A. The government.
Q. Did you make any declaration as to the prices charged?
A. I do not remember.
Q. See if this will be the declaration you made :

(Reads)

Dominion of Canada,
Province of Ontario,
County of Carleton,
To wit:

I, Walter Cunningham, of the City of Ottawa, in the County of Carleton, Merchant, do solemnly declare that:

1. The prices charged for the horses and harness supplied by me to the Government of the Dominion of Canada for the Georgian Bay Canal Survey in January last, and the charges made for the stabling and keep of the said horses are fair, reasonable and just, and also sleighs, blankets and robes.

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, 1893.'

Declared before me at the City of Ottawa, in the County of Carleton, this 14th day of April, A.D., 1905.
(Sgd.) TAYLOR MCVEITY,
Notary Public.

(Sgd.) WALTER CUNNINGHAM.

Q. Did you make that declaration?

A. I don't remember, but very likely I did.

Q. You told us that these horses were bought from you by the engineer and the veterinary and that the government would not pay the prices they had agreed upon and you threatened you would sue?

A. Yes, sir.

Q. Then you evidently, three months later, sent in this document to the government?

A. Because they would not settle the amount. I had to make that declaration.

Q. In this document you do not say a word about the bargain, you merely say that prices are reasonable and just?

A. I thought so at the time.

Q. You do not set up that there was any bargain made by which the prices were fixed at the time that you were trying to get the government to pay you. You merely sent in a declaration, but you do not swear that the government made a contract or bargain by which they agreed to fix the amount?

A. I did not, no. I wrote that declaration out.

Q. Were you told so by a lawyer?

A. I did not see a lawyer about it.

Q. Do you remember making a declaration before Mr. Taylor McVeity?

A. I forget now, I am not sure.

Q. You do not remember that? So that your memory is not very good. However that may be, the government decided to pay you the original prices for the horses?

A. Yes, sir.

Q. But they did not pay the original prices for the sleighs and harness?

A. No, sir.

Q. They let them stand exactly where the engineer had cut them down ?t

A. Yes, sir.

Q. And you accepted that?

A. I accepted the cheque they sent me.

Q. In full?

A. No, sir.

Q. In full?

A. No.

Q. There is still an unpaid balance?

A. Yes, sir.

Q. If you look at this account you will see that about $300 were taxed off by the engineer, is that not the case? That is as he taxed it?

A. I see, yes, from $2,500 down to $2,200.

Q. So that a little over $300 were taxed off by the engineer?

A. Yes, sir.

Q. Of the $300 they taxed off, how much have the government paid you?

A. Whatever the difference was in the price of the horses. That would be, I think, $125 they paid or something like that.

Q. They paid you back $125 and the balance is still unpaid?

A. Yes.

Q. You are contending they should pay you?

A. Yes.

Q. And they declined?

A. Yes, I think so.

Q. Have you taken any steps in the year or more that has elapsed to collect this balance from the government?

A. Well, I have been to the department about it two or three times.

Q. That is all you have done?

A. Yes.

Q. You have not taken any legal steps?

A. No, sir, I have not taken any legal steps.

Q. I see accounts here for a number of horses other than the nine, or rather these other accounts would be for goods would they not?

A. Yes, sir.

Q. Had you any other transactions with the department as to buying horses besides this one you told us about?

A. Yes, I supplied Mr. Rainboth, Mr. McNaughton, and Mr. Perreault, three lots.

Q. When was that bargain made?

A. Just about that time, they were all about the one time.

Q. On the Montreal division?

A. Yes.

Q. Six horses, I see at $150 and so forth. How did you come to purchase these horses?

A. Well, there was an order from the department.

Q. Obtained the same as the others?

A. Yes, sir.

Q. What were the instructions? Were you to purchase the same as in the case of the others?

A. These were a later lot of horses at $150 a head.

Q. You were given instructions by the department to purchase a certain number of horses?

A. At $150 a head.

Q. Horses that had to pass the veterinary?

A. Yes.

Q. And that is it?

A. Yes.

Q. What kind of horses were you to get at $150?

A. They were to be horses weighing on the average about 1,100 pounds in weight.

Q. Those were the instructions?

A. I sold Mr. Perreault one lot of four houres. He used them all the winter, and I charged him $150 for the four horses.

Q. That is $150 apiece?

A. And in the spring time he brought the four of them down and I gave him $125 apiece. They were used all the winter and were not in the condition that they were when I sold them to him.

Q. Coming down to the terms on which you purchased for the department. You were sent for and told to buy the horses, was that it?

A. Whatever the amount is there.

Q. I see six in this bill at $150 apiece?

A. Yes, sir.

Q. The only condition was that they were to be sound?

A. And of a certain weight.

Q. And the weight had to be 1,100 pounds?
A. About 1,100 pounds.
Q. Those were the only conditions?
A. No, sir.
Q. Was there a third lot of horses?
A. No. There were two lots, they were divided up.
Q. I see a certificate here signed by Dr. Gilpin?
A. Yes, sir.
Q. What were those horses for?
A. The cheap horses.
Q. The ones you spoke of last?
A. Yes.
Q. There are 11 of these certificates?
A. Yes.
Q. Was Dr. Gilpin the man that was to examine for government?
A. Yes, one of them.
Q. And as soon as he had given the certificates you were entitled to your money?
A. Yes, sir.

By the Chairman:

Q. You said one of them?
A. Yes. He examined one lot and Dr. James examined the other lot.

By Mr. Northrup:

Q. There was no arrangement made between you and the government as to how much you were to make on them?
A. No, sir.
Q. They did not agree to pay you anything for purchasing?
A. No, sir.
Q. You were to buy the horses as cheaply as you could and they were to pay on the terms mentioned?
A. Yes, they were to pay me.
Q. Now, take an ordinary horse of 1,100 pounds weight, what would be the ordinary price at that time if they were sound?
A. Well, those horses they got from me were very cheap horses. I bought them very cheap. At the time I had a lot of horses in the stable and I gave for them more money than they paid for them. You cannot buy a decent horse for less than $150. You cannot buy for less than from $150 to $200 apiece.
Q. You gave the government your horses at really less than you could sell them for to other people?
A. It was the time of the year when horses were in no demand. At an off season I will dispose of my horses rather than winter them. You cannot sell horses until the spring comes again. I had a lot of good horses in and I gave these for much less than they were worth, rather than winter them.
Q. In the springtime you bought a lot of them back?
A. I bought four of them back. I wanted to buy them all back, but they refused.
Q. You sold a lot of harness and sleighs and things?
A. Yes.
Q. Did you go out and buy the harness?
A. I bought a lot of harness.
Q. Did you in this case?
A. I bought sleighs.
Q. Did you buy harness?
A. Some of it.
Q. You were instructed by the government to buy harness and sleighs for them?
A. Yes.

Q. On what terms were you to buy?

A. I don't remember the terms. I bought them subject to the approval of whoever was in charge at the time.

Q. Was there any limitation as to price?

A. I don't think so.

Q. They merely told you to buy so many sleighs and so much harness?

A. Yes, sir.

Q. You went out and bought them and put in your bill?

A. Yes.

Q. You did not put in your bill at the exact amount you paid for them?

A. Hardly.

Q. So you got your profit in? Was there anything in writing defining the kind of sleighs and the kind of harness or were you told to get so many sleighs and so much harness?

A. I had to buy harness suitable for certain works.

Q. And sleighs suitable for certain works?

A. Yes, sir. Well the sleighs were examined by the men in charge.

Q. I am asking you about the terms on which you were sent out to buy. You were told to go and buy so many sleighs suitable for certain works, and so much harness suitable for certain works and you were not limited as to prices—they did not fix the prices you were to pay?

A. I don't think so.

Q. Then you went out and bought the sleighs and bought the harness and put on a price that you thought was fair?

A. A fair price.

Q. Giving to you what you considered was a fair profit?

A. I did not get any profit in that order. They got a profit from me.

Q. That was the first order?

A. Wholly.

Q. And in the second order, did they do that?

A. They cut off all the profits on the sleighs and harness and everything they had.

Q. I know as regards the first bill. As to the second bill I do not see any reference showing that anything was taxed off?

A. I guess that one is all right.

Q. I beg your pardon?

A. That was all rights.

Q. So that the department did not tax anything off your second bill?

A. No, not off the second, no.

Q. So that you bought the goods in the second bill and it was paid in full, is that correct?

A. Yes.

Q. Were any of these sleighs second hand sleighs that you sold to the department, I mean second hand sleighs when you bought them?

A. Oh well, there was some of them, yes.

Q. How many of the sleighs were second hand and how many did you buy first hand?

A. I could not exactly say.

Q. You could not remember now?

A. No.

Q. At all events some of the sleighs were second hand? Was any of the harness second hand?

A. All first hand.

Q. Did you buy it retail or wholesale?

A. Wholesale.

Q. The sleighs and harness refer to both the first and second accounts?

A. The first account was all new, I think.

Q. Are you sure about that?

A. No, I am not very sure.

Q. Don't say it unless you are sure. Would you say for a certainty that all the sleighs and all the harness in the first account were bought by you first hand?

A. Oh yes, I bought all the harness first hand, the harness was all new.

Q. The harness was all new?

A. Purchased by me from a wholesale store.

Q. Did you get an order from the government?

A. Yes.

Q. How about the sleighs in the first bill?

A. Some were new and some were not.

Q. Those that were new were bought by you and you got an order from the government?

A. Yes.

Q. There are some other articles here as well—collar pads and robes, 18 robes at $15. What kind of robes were those?

A. They were imitation bear skin.

Q. Were they new?

A. New? Yes, sir.

Q. Bought by you after receiving an order from the government?

A. Yes, sir.

Q. Where were they bought by you?

A. At a wholesale store.

Q. In Ottawa?

A. Yes, sir.

By Mr. Taylor:

Q. Woods, Limited?

A. Oh no.

By Mr. Foster:

Q. What do you mean by imitation bear skin?

A. They were black robes like bear skin.

Q. Really goat skin?

A. Not exactly goat skin, they looked like bear skin.

Q. They might have looked like bear skin but they were goat skin were they not?

A. Perhaps they were.

By Mr. Northrup:

Q. You bought these robes wholesale and you charged them up to the government at what you considered a fair advance?

A. Yes, sir.

Q. You charged in your bill what you considered was a fair price?

A. I thought so.

Q. I see the original price you charged the government was $270 and that is cut down to $180—$90 is striken off. Can you explain how that came to be cut down?

A. I don't know how it came to be cut down.

Q. Were you not asked by the engineer who cut that down, or somebody else, to explain?

A. Nobody came near me at all.

Q. Has there never been any discussion between you and any government official as to why your charge of $270 should be cut down to $180?

A. None.

Q. Did you not go to Rainboth and explain that?

A. I did not see Rainboth.

Q. Did you see any government official?

A. I went to the department about it and they said they would look it up and see what they could do and they never did.

Q. Although you complained to the department they have still refused——

A. To pay.

Q. To whom did you go in the department?

A. Well, I went to the head of the department, I think Mr. St. Laurent, and I went to some others; I forget exactly to whom I went.

Q. What is his position in the department?

A. An engineer is he not?

Q. I do not know at all.

The CHAIRMAN.—He is assistant engineer.

Q. Did you not go and tell him the $180 would be less than you paid for them?

A. I told them, yes.

Q. Did you tell him as a matter of fact that they cost you more than $180 ?

A. Yes, less than I could buy them for.

Q. On that very item would you go as far as to say that you had told the department that the $180 was less than you paid for them?

A. They taxed me down to less than I paid for them. I can swear it and can prove it.

Q. And nothing has been done to rectify it?

A. Nothing has been done.

Q. And you have not taken any steps to compel payment?

A. No.

Q. Taking the question of the sleighs. The account you rendered for your double sleighs was for $300?

A. Yes, sir.

Q. Then it was cut down to $200?

A. Yes.

Q. Do you remember when the four double sleighs were first hand or second hand?

A. You may call them first hand. They were very little used and we had to get them fixed to suit the survey party, we had to get racks put on them.

Q. Were they first hand or second hand?

A. Some were first and some were second. You could not tell the difference when you bought them.

Q. And I see your bill is cut down $100?

A. Yes, sir.

Q. Did you have any discussion about that?

A. I went to the department and they never made it good.

Q. They did not pay?

A. Some part of it, yes.

Q. The other accounts you have here appear to be groceries ?

A. Yes, sir.

Q. That is outside of the horses and the other goods. They were delivered, I suppose, to the Public Works branch?

A. To whoever they were for, yes.

Q. As to the the accounts for groceries, how do they come to be sold to the department, under a written contract?

A. Well, we had a written order, so we shipped the goods there.

Q. You had written orders from whom?

A. Whoever the engineer was in charge.

Q. Was there any agreement as to the prices you were to be paid?

A. They looked after the prices pretty well.

Q. But when you got your order from the department, was there any agreement ?

A. I just charged what I thought was a fair price.

Q. There was no agreement between you and the department?

A. No, sir.

Q. From beginning to end it has been left to you to charge what was a fair price?

A. Yes, sir.

Q. And have they paid all these grocery bills?

A. I think so, yes.

Q. And all these prices are the prices you would charge to an ordinary person?

A. A little less.

Q. You think a little less?

A. I think so.

Q. Can you point out any?

A. I know I gave them good prices on everything.

Q. But you would not undertake to point me out anything that is less than you would sell for to the ordinary customer?

A. I had better not.

By Mr. Foster:

Q. You said you bought back a certain number of these horses. How many did you buy back?

A. I bought back four.

Q. Four horses, and paid for them how much?

A. $500.

Q. This was in what time of the year?

A. It must have been when they got through the surveys, whatever time that was. The spring I think it would be.

Q. The receipt here is May 20. In the spring of the year you bought them back?

A. Yes.

Q. These horses you bought back at $500, from the government, that it $125 each?

A. Yes.

Q. You sold those horses in the fall to the survey parties for how much?

A. $150 each.

Q. The horses that you bought back, did you buy anything but the animals or does that include horses and harness?

A. That includes horses and halters alone.

Q. But not horses and harness?

A. No, sir.

Q. Did you buy any harness from them?

A. No, sir.

Q. I find here a letter dated Ottawa May 5, from the A. St. Laurent, reading as follows :

> SIR,—I beg to transmit herewith an accepted bank cheque for $500 in favour of the Department of Public Works for the sale of four horses and harness to Mr. W. Cunningham, of Ottawa, as per account attached. These horses, as already referred to were purchased last fall for the work in connection with the Georgian Bay Ship Canal survey, section 7, and they being of no more use for public service, offers were received for them and the best one was accepted.
>
> Will you kindly arrange that this amount is transferred to the Georgian Bay Ship Canal appropriation?
>
> (Sgd.) A. ST. LAURENT,
> *Engineer in Charge.*

There is a note at the end of it which says that the money was deposited in the bank and the cheque drawn by Mr. Perrault in favour of the department covering the amount. They evidently were of the opinion that you have bought four horses and the harness?

A. Well, as I told you, I did. There was a set of harness came with these horses too. I got one set of harness. Because they were driven up here.

APPENDIX No. 3

By Mr. Taylor :

Q. Two setts?

A. I got one set of harness, but no two sets of harness. The harness was all racked up.

By Mr. Foster:

Q. The harness you charged for in the preceding transaction was how much?

A. I don't remember.

Q. The two sets of harness in your bill are charged at $15 a set, double harness. So that what you did do, Mr. Cunningham, as it appears by this letter from Mr. St. Laurent, was to sell in the fall of the year when horses are cheap just at the beginning of the winter when there is ahead of the horses a long feeding period, and when, as you said in your evidence, horses were cheap?

A. I did not say the horses were cheap, sir.

Q. You did not?

A. I did not.

Q. You said they were cheaper ?

A. I said I did not care to feed the horses all the winter, and I would sell them cheap.

Q. You would sell them cheap? That amounts to the same thing. However, you sold the horses at $150 each and the harness at $50 a set, and then you bought them back in the spring at $125 and the harness thrown in?

A. I did not get three sets of harness. I only got one set and the harness was all broken. The horses ran away on the way up and tore the harness all to pieces; it was not worth while taking when they got here.

Q. So that in your first evidence, you hardly gave the whole facts, when you said you bought them back for $125 and the harness?

A. I did not count the harness as anything. I only got one set of harness.

Q. What would be the cost of keeping horses from the first of the feeding season until May?

A. I suppose it would be worth 50 cents a day or a little more.

Q. I see that is what you charged. Then you sold the horses in the autumn, you did not have to have to feed them during the winter and you bought them back in the spring and the harness for $25 less than what you charged for the horses in the autumn?

A. Well, these horses were not as good as when the government bought them at all. They were working on ice all the winter and their heels were all broken out.

By Mr. Savoie:

Q. The horses were worked practically all winter?

A. They were working all the winter.

Q. They were poorer than in the fall?

A. I guess they were.

Q. These sets of harness were not as good as when you sold them?

A. They were torn all to pieces and not worth a ten dollar bill.

Q. And you say there was only one set?

A. Only one set, yes, sir.

By Mr. Fielding:

Q. You sold four horses for $150 each?

A. For $150 each and bought them back at $125 each.

Q. After they had worked during the winter?

A. They were working on the ice and their heels were all broken up with scratches.

By Mr. Savoie:

Q. You sold the harness for $50 a set and got them back with the harness?

A. One set of harness back.

By Mr. Fielding:

Q. It was a very good transaction for the government?

A. I would hate to let a man have another lot of horses at that price. I would willingly give $25 for the use of the horses during the winter.

By Mr. Foster:

Q. You objected to their taking $317 off your first bill?

A. Yes, sir.

Q. And you sent that objection by letter to the department, did you?

A. Yes, sir.

Q. They seem to have referred that to the engineer?

A. Yes, sir.

Q. Mr. Rainboth. And I find his letter to the department to be as follows :

(Copy.)

OTTAWA, March 6, 1905.

Ottawa District.

SIR,—In reply to your letter asking for a report *re* Mr. W. Cunningham's account, for horses, &c., I beg to inclose a copy of his account, showing that the total deduction of $317 was distributed, as follows :—

Horses reduced	$100 00
Sleighs reduced	100 00
Robes reduced	90 00
Blankets	4 50
Horse feed reduced	22 50
	$317 00

Mr. Cuningham is entirely wrong in saying that I was 'perfectly satisfied' as to price of horses. I told him distinctly that the four pairs of horses were each $25 too high in price. The veterinary surgeon, Dr. James, agreed with me on this.

About the other articles, I allowed him what was fair. His prices on some of these articles were most unreasonable—for instance, he charged $300 for four selighs, some of which were second hand, that could, I am certain, be purchased for the price I allowed him.

The small goat skin robes furnished, for which he charged $15 could be purchased also for the price allowed him.

Altogether, I allowed Mr. Cunningham what was reasonable, and if he will not accept the prices as approved by me, I can furnish further proof that my action in this matter was fully justified.

His letter to the chief engineer would lead one to believe that the whole deduction of $317 from the account, was on horses alone, and for this reasor I annex copy of his account.

Your obedient servant,

(Sgd.) E. RAINBOTH,

District Engineer.

A. ST. LAURENT, Esq., C.E.,
Enginer in Charge,
Georgian Bay Ship Canal,
Ottawa.

APPENDIX No. 3

OTTAWA, January, 1905

Georgian Bay Canal Survey.
(for Mr. Rainboth.)
Bought of W. CUNNINGHAM.

		Allowed.
1 pair horses	$ 375 00	$ 350 00
1 " "	380 00	355 00
1 " "	400 00	375 00
1 " "	375 00	350 00
1 single horse	165 00	165 00
4 sets double harness	150 00	150 00
1 set single harness	27 50	27 50
4 double sleighs	300 00	200 00
1 single sleigh	25 00	25 00
9 blankets	27 00	22 50
9 halters, $1.50	13 50	13 50
9 collar pads	11 25	11 25
18 robes at $15	270 00	180 00
16 horse brushes at 65 cents	10 40	10 40
1 doz. curry combs	2 25	2 25
5 whips	6 25	6 25
5 sets bells	7 25	7 25
2 monkey wrenches	1 50	1 50
2 foot picks	0 50	0 50
Shoeing horses	11 25	11 25
1 lantern	1 00	1 00
Feed for 9 horses for 8 days, at 50 cents	36 00	13 50
1 single ticket for 1 man to Chalk River	2 75	2 75
	$2,598 40	$2,281 40

In you letter to the department, making your claim, you declared that Mr. Rainboth was perfectly satisfied, that these horses were satisfactory to Mr. Rainboth, the officer in charge. You say: 'I may tell you that none of these horses were paid for until the veterinary surgeon had examined them thoroughly, and that Mr. Rainboth himself after getting a satisfactory examination and being informed of the price was perfectly satisfied to take the horses which transaction I then considered closed.' The answer of Mr. Rainboth, district engineer, is that Mr. Cunningham was entirely wrong. It appears that Mr. Rainboth, in answer to your letter, took very strong exception to some of the view you have stated?

A. I think Mr. Rainboth should have made his objection before he took the horses, when he knew the prices, and before he took them out of the barn. He might have made his objections then, but he never came to me after he inspected the horses, he would not come to explain anything to me, whatever his reasons for it were.

Q. After Mr. Rainboth's answer to the department, it apppears your certificate went in, your solemn declaration on April 25, Mr. St. Laurent, engineer in charge, writes the following letter ·

'OTTAWA, April 25, 1905.

'EUG. D. LAFLEUR, Esq.,
'Chief Engineer, Public Works Dept.,
'Ottawa.

'SIR,—I beg to return herewith Mr. Cunningham's letter (marked "A"), complaining of a reduction of $317 made in his account amounting to $2,596.40 for horses, sleighs and equipment supplied to Mr. District Engineer E. J. Rainboth in connection with the Georgian Bay Ship Canal Survey.

Mr. WALTER CUNNINGHAM.

'This letter was submitted to Mr. Rainboth, whose report is also herewith attached (marked "B"). Mr. Rainboth practically states that in his opinion the horses and some of the equipment are overcharged, and he therefore made the deductions shown on sheet "C" attached, the items scored in red being those which were reduced.

'However, subsequently, Mr. Cunningham sent in a declaration in due form (document attached marked "D"), by which he solemnly declares that the prices he charged are fair, reasonable and just. This declaration is supplemented by a certificate from Mr. E. A. James (marked "E"), a veterinary surgeon, who examined the horses before they were sold, and who testifies that he considers the prices charged by Mr. Cunningham for them to be fair and just.

'Not having seen the horses and equipment myself I cannot give an expression of opinion in the matter.

'It seems though, that it is simply a matter of appreciation as to the value of these horses and other articles supplied between Mr. Rainboth and Mr. Cunningham.

'I must, however, state that Mr. Rainboth is positive in his statement that Dr. James told him through the telephone that the prices charged for the horses were too high, and that $25 less for each horse would be about right.

'The certificate attached given lately by Dr. James to Mr. Cunningham shows that he changed his opinion, and no great value can be attached to that certificate.

'In view of the solemn declaration given by Mr. Cunningham that his prices are fair and reasonable, kindly advise me as to what is to be done in the matter.

'An account is also attached showing the balance due Mr. Cunningham in case his account is allowed as charged.

'I have the honour to be, sir, your obedient servant,

'(Sgd.) A. ST. LAURENT.

'Engr. in Charge.'

Then I find the action of the department was embodied in the following recommendation :—

(Copy.)

'In view of Mr. Cunningham's declaration and Mr. James' certificate minister agrees with Chief Engineer, and my recommendation that the full amount charged for horses be paid to Mr. Cunningham.

'As regards the sleighs and horses in view of Mr. Rainboth's report which is not controverted, the deductions made shall be maintained.

'(Sgd.) A. G.'

So that as a result of your affidavits and the different actions that have been detailed here by the department you were fully paid for the horses ?

A. Yes, sir. When I first showed those horses to Mr. Rainboth and the veterinary surgeon I asked him $200 apiece. That is where the cut down came. Both James and Rainboth regarded that price as excessive. You can call James here and find it out.

Q. Your bill for a pair of horses was $375 ?

A. Yes, sir.

Q. Did you have those horses in stock or did you go out and buy them ?

A. I had a lot in stock.

Q. Did you have that part in stock ?

A. I could not say that part but I had a lot of horses in stock.

Q. Did you have all these horses that appear in your account of January, 1905, in stock or did you go out and buy them ?

A. I bought a few of them, but I had most of them in stock.

Q. You had orders from the minister to buy horses ?

A. Yes, sir.

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Q. And you bought as a dealer or agent ? Now for that pair of horses for which you charged $375, how much did you pay ?

A. That would be a pretty hard thing to say.

Q. You certainly should know if any one ?

A. I should not know.

Q. You bought the horses, did you not ?

A. I did, yes.

Q. You also went to buy horses ?

A. I could not say.

Q. From whom did you buy any of these nine horses ?

A. I could not say. I am buying horses all the time.

Q. Do you not know by your books from whom you bought these horses which you afterwards furnished to the department ?

A. No, I cannot.

Q. You cannot ?

A. No.

Q. You cannot take your book and show ?

A. No.

Q. Not in any single case ?

A. No.

Q. How many horses did you buy that time ?

A. Sometimes I would buy 500.

Q. That time ?

A. I could not say.

Q. Do you keep books ?

A. Yes.

Q. Would your books not show ?

A. No.

Q. Do you mean to say that you go into the buying of horses on such a large scale sometimes as 500 ?

A. Yes.

Q. That you keep a set of books and that your books would not show how many you bought and what you paid for them ?

A. I do not keep a set of books for my horse account.

Q. Do you mean to say the books you keep would not show the horses you bought and what you paid for them ?

A. No.

Q. You swear that ?

A. Yes.

Q. You swear also you do not know what you paid for any one of these teams you bought for the government ?

A. If I could go home I could find out.

Q. Well, go home.

A. Is it necessary that I should give the price ?

Q. It is necessary you should give the price. You were employed as an agent to buy know what to know what you charge the department for that, in order that we should know what the people's money went into ?

A. I know they got the horses and they cost me more than I charged for them.

Q. We have nothing to do with that. There was an order under which you were allowed to buy horses and you went out and bought those horses and you charged this price for them ? We have a perfect right to know what you paid for those horses. Now can you tell ?

A. I could not tell off-hand.

By the Chairman :

Q. You were not employed as an agent on commission ?

A. I had an order to supply the horses.

By Mr. Foster:

Q. Will you look over your books and papers and come at the next meeting prepared to answer that question ?

A. Yes, I will.

Q. Bring your books with you.

A. All right.

Q. How many horses do you think you bought that time ?

A. I could not say, I am buying all the time.

Q. You will find from your books and you will bring your books and accounts ?

A. I cannot bring my books in connection with the horses. I can perhaps tell you the price I paid for some of them.

Q. Do you pay in cash or cheques ?

A. I pay in cash most of the time.

Q. Not by cheque ?

A. Most of the time by cash.

Q. Where do you keep your bank account ?

A. Bank of Ottawa.

Q. And having a bank account you would buy two or three or five hundred horses in the course of a season ?

A. Not every season.

Q. But you may buy and yet you do not pay for these horses by cheque but you pay in cash ?

A. Pay in cash, yes. Of course we pay both ways sometimes.

Q. If you look at your books when you next appear before the committee we will soon see what you paid for these horses. Now, with reference to the double sleighs, from whom did you buy those ?

By the Chairman :

Q. Concerning these horses, I suppose you did not buy those in the city ?

A. All over the country.

Q. All over the country ?

A. All over the country.

Q. For that reason you have to pay cash ?

A. Yes.

Q. You buy those horses from a farmer and he won't take a cheque ? A farmer from Torbolton, for instance, or elsewhere in this locality will not take a cheque on the Bank of Ottawa, he wants the solid stuff ?

A. He wants the solid stuff.

By Mr. Bennett :

Q. In what length of time would that purchase of 500 horses extend over ?

A. I bought 120 once. I bought South African war horses.

By Mr. Bergeron :

Q. Did you pay for them in cash ?

A. No, I paid by cheque.

By Mr. Foster :

Q. With reference to the double sleighs, from whom did you buy those ?

A. I could not tell you just off-hand.

Q. You could not ?

A. Not off-hand just now. I bought them from two or three different people.
Q. You could tell me from your books ?
A. Yes.
Q. And how much did you pay ?
A. I cannot tell just now.
Q. You can tell from your books ?
A. No, but I can find it perhaps from the people I bought them from.
Q. There are eignteen robes, from whom did you buy those ?
A. From Duford.
Q. Duford, a dealer here in Ottawa ?
A. Yes.
Q. How much did you pay him for those ?
A. $12.50, I think.
Q. $12.50 ?
A. I think so.
Q. Mr. Duford does business here, on what street ?
A. Rideau street. Well, I bought some from Duford and some from somebody else.
Q. Who else ?
A. I don't remember, but I can tell you when I go home.
Q. How much did you charge for keeping the horses ?
A. I don't remember, but I guess about 50 cents a day.
Q. That charge was cut down ?
A. I don't think they allowed me anything for that.
Q. Then, if you will be kind enough, Mr. Cunningham, to look for your books and papers ?
A. I had better take down what you want me to bring.
Q. I will tell you what I would like you to bring down. First of all, any letters in your possession to the department, in any way, if you have such ?
A. I don't think I have.
Q. Making this arrangement with you. We would like you to bring these down. Then I want you to bring down the information necessary to enable you to answer what you paid for these horses and the articles I have spoken of.

By. Mr. Taylor :

Q. Do you supply Mr. James with groceries ?
A. No, sir.
Q. None at all ?
A. No, sir.
Q. Your books will show that ?
A. Yes, sir, but I do not think I have spoken to Mr. James since the time he examined those horses.
Q. That was on January 26 ?
A. I have not seen him since.
Q. Did you sell him any goods, or send any goods to him, between January 26, the time you purchased these horses, and the time you bought them back?
A. I do not think it.
Q. Your books will show that ?
A. Yes.
Q. You will bring those books to show that ?
A. You would want about a wagon to carry them all up here.

By the Chairman :

Q. Who was it ordered Mr. Gilpin to make an examination ?
A. I don't know.
Q. Was he appointed on your suggestion ?
A. No, neither were.

Q. Is Mr. Gilpin a political friend of the government ?
A. I don't know I am sure.
Q. Is he a Liberal ?
A. I don't think he is a Liberal.
Q. Do you not know he is a prominent Conservative ?
A. I think he is.

By Mr. Geoffrion

Q. If I understand well from the resume of your examination your statements would be about this : You deal in horses besides groceries ?
A. Yes, sir.
Q. Can you give me an idea how much you buy a year for horses, taking three or four or five years, on the average? Can you tell me how many you buy, not counting the year of the South African war ?
A. I could not very well tell.
Q. Did you buy 50 a year ?
A. Fifty horses ?
Q. Yes.
A. Oh, yes.
Q. More than that ?
Q. Oh, yes.
Q. Could you tell by your books what you paid for different horses ?
A. No, not very well.
Q. You received orders from the government to supply some horses upon upon certain conditions, if I understand you. The conditions were that the horses should be sound and weigh so much ?
A. Yes.
Q. 1,100 lbs. ?
A. The small size were 1,100 lbs.
Q. And you received orders to purchase ? I would understand your position to be this : That if you had 40 or 50 horses in your barn and they came up to the conditions required by the government, you would sell those horses to the government instead of going out and buying others ?
A. Yes.
Q. You understood you would be allowed to do so ?
A. Supposing I had horses to fill the bill they would accept them.
Q. You would take them from your barn ?
A. If a man went down to me for groceries I would not go out and buy them.
Q. You would not be supposed to go out and buy them because you had received orders to buy for the government ?
A. No.
Q. You would take some of these horses and sell to the government ?
A. Yes.
Q. One of the conditions was that the horses were to be examined by some officials of the government, is that not so ?
A. Yes.
Q. They were so examined every time ?
A. Yes, sir.

By Mr. Ames :

Q. Were they ?
A. They were examined.
Q. Every time ?
A. By the government veterinary, whoever he was.

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By Mr. Bergeron :

Q. What is the name of the man who did examine them ?
A. There were two, Dr. James and Dr. Gilpin.

By Mr. Geoffrion :

Q. As regards the prices to be paid for these horses by the government you had some little difficulty, but after discussing the matter with the officials and giving your certificate they settled the account ?
A. Yes.
Q. The only difference which remained between you and the government is in regard to prices for sleighs and harness ?
A. Yes.
Q. That is not yet settled ?
A. No.
Q. You contend that the government has cut you down ? Your contention is that they have cut you down too much ?
A. Yes, sir.
Q. And they still owe you that ?
A. Yes, sir.
Q. It is not settled yet ?
A. Not settled yet, no.
Q. You swear there is not one official of this department, or of other departments to whom you sold horses who benefited in any way from you by the sale ?
A. Certainly not.
Q. You swore that before ?
A. Yes.
Q. And you still swear it ?
A. Yes.
Q. Now, about that 50 cents which you charged, do you not consisder it is a very reasonable price ?
A. I think it is.
Q. Do you not think that it is a government of rigid economy to cut you down from 50 cents a day ?
A. I think so.
Q. Dou you not know that in the city of Montreal we pay as much as 75 cents a day for the keep of horses ?
A. Yes, I know.
Q. You know that ?
A. Yes.

By Mr. Bergeron :

Q. I was not here during the early part of your examination. You sold horses to the government ?
A. Yes, sir.
Q. You are called an agent, but as a matter of fact you were selling horses, you bought them for yourself and sold them to tl e government ?
A. Yes, sir.
Q. And whatever reasonable profit you could make you did ?
A. Yes, certainly, subject to the approval of the veterinary surgeon.

By Mr. Chisholm :

Q. Some of these sleighs had to be fixed up ?
A. We had to change the tops to suit.
Q. They were practically in as good condition as if they were new ?
A. You would not think they were ever used.

Q. And the prices charged to the government were fair and reasonable prices ?

A. Yes. I had to keep men at work day and night on these sleighs to get them in shape.

Q. The prices were the current prices ?

A. I think so.

Q. The same with the robes, the prices for them were the current prices ?

A. I think so.

Q. Of course you had your profit ?

A. I did not get my profit because they cut me down to less than what I expected for it.

Q. But the prices were fair and reasonable prices ?

A. Yes, sir.

Q. And they were the current prices ?

A. Yes.

Q. There was a letter written by the engineer. You have one view and he has another ?

A. Yes.

Q. And you still persist in saying you made an agreement to sell the horses for $150 notwithstanding his contradiction ?

A. The price of the horses ?

Q. Yes.

A. Yes. The price of the other horses he cut down from $185 to $165.

Q. You say in your letter that you agreed with the veterinary on $150 as the price of the horses ?

A. Yes.

Q. He contradicts that ?

A. He contradicts it, yes.

Q. But you adhere to your first statement ?

A. Yes.

Q. And as a matter of fact you would not have sold these horses for less than $150 ?

A. They would not have got them if he had made objection at the time.

Q. If he had made the slightest objection they would not have got them at all ?

A. They would not have got them at all. He did not object until afterwards. That is not the way to do business. If he objected he should have done so in my barn.

Q. The harness that came back was racked ?

A. Thoroughly racked. They racked it so that I do not think I ever used it.

Witness retired.

HOUSE OF COMMONS,
COMMITTEE ROOM, No. 32,
June 14, 1906.

The Select Standing Committee on Public Accounts met this morning, Mr. R. Stewart presiding, and proceeded to further consideration of accounts of Walter Cunningham, Ottawa, as set out in pages V—31, 32 and 43 of the Auditor General's Report for 1904-5.

Mr. EDWARD RAINBOTH called and sworn, and examined

By Mr. Foster :

Q. What is your position Mr. Rainboth ?

A. In what way do you mean ?

Q. In connection with the Georgian Bay surveys.

A. I am not connected with it.

Q. You are not connected with it ?

A. No.

Q. I had a letter from you with reference to Mr. Cunningham's bill which I think was revised by you and cut down by you. In what position were you when you did that ?

A. I was in charge as district engineer of the Ottawa district of the Georgian Bay Ship canal.

Q. Are you still ?

A. No.

Q. But you were ?

A. I was at that time.

Q. You received a letter from the department forwarding a letter from Mr. Cunningham in which he made a claim that the sum of $317 which had been taken from his bill should not have been taken from it. Do you remember that circumstance ? And you were asked to report upon it ?

A. I would remember the letter if I saw it again ; I had forgotten about the fact of the letter.

Q. That has already come out.

A. I know, I reported on the question of the account.

Q. There were a lot of horses and sleighs, and harness and blankets, and robes and halters, brushes, whips, and such other like articles, amounting to $2,948.40, upon which you were asked to report, and in reporting upon it you cut down the prices on horses and some other articles and altogether took $317 off the bill, and that was a grievance to Mr. Cunningham and he made his representations to the department. Now, here is a letter which you wrote, dated Ottawa, March 6, 1905 :

'E. ST. LAURENT, Esq., C.E.,
'Engineer in Charge,
'Georgian Bay Ship Canal,
'Ottawa, O.

'SIR,—In reply to your letter asking for a report *re* Mr. W. Cunningham's account for horses, &c., I beg to inclose a copy of his account showing that the total deduction of $317 was distributed as follows :—

'Horses reduced	$ 100 00
'Sleighs reduced	100 00
'Robes reduced	90 00
'Blankets reduced	4 50
'Horse feed reduced	22 50
	$ 317 00

'Mr. Cunningham is entirely wrong in saying that I was "perfectly satisfied" as to price of horses, I told him distinctly that the four pairs of horses were each $25 too high in price. The veterinary surgeon, Dr. James, agreed with me on this.

'About the other articles, I allowed him what was fair. His prices on some of these articles were most unreasonable—for instance, he charged $300 for four sleighs, some of which were second-hand, that could, I am certain, be purchased for the price I allowed him.

'The small goatskin robes furnished, for which he charged $15, could be purchased also for the price allowed him.

'Altogether I allowed Mr. Cunningham what was reasonable, and if he will not accept the price as approved by me, I can furnish further proof that my action in this matter was fully justified.

'His letter to the chief engineer would lead one to believe that the whole deduction of $317 from the account was on horses alone, and for this reason I annex copy of his account.

'Your obedient servant,

'E. RAINBOTH,

'District Engineer.'

Q. Do you still adhere to your view as expressed in this letter ?

A. Yes, certainly.

Q. You have not changed that any ?

A. No.

Q. On what did you base that opinion, did you yourself examine the horses ?

A. I did, yes.

Q. In connection with whom ?

A. In connection with the purchase. It was in my hands to purchase these horses first.

Q. It was put in your hands ?

A. Yes, for the Ottawa district.

Q. Let us have it clearly, the department authorized you to purchase these horses?

A. In the first place I was told that Cunningham had an order from the department to purchase ten horses.

Q. Yes.

A. Or rather nine, I think, for the department, and that six of them were going to the Montreal district.

Q. To the Montreal district ?

A. Yes, and that three of them would come to my district.

Q. Which was ?

A. The Ottawa district. So I went down to see the horses at his stable, and I found them very light and small, and told him they would not suit at all in my district, because we would be bothered with deep snow and slush through the winter ; that it would take heavier horses for the country road to carry the men through.

Q. Who gave you your instructions to purchase ?

A. Mr. St. Laurent.

Q. The chief engineer ?

A. The engineer in charge of that work. I was told later that Mr. Coutlee in charge of the Montreal district would require these nine horses, and that I had better look up the horses I wanted myself for my own district. So I spent a couple of days in looking at some horses and I got Dr. James as veterinary to go with me. After a couple of days Mr. Poulin called me up by 'phone and said that Mr. Cunningham was in his office, and could not I let Mr. Cunningham have the furnishing of those horses. I said, very well, I am busy about some other matters, and it would suit me very well for Mr. Cunningham to furnish the horses.

Q. But in the meantime you had looked up some ?

A. I had looked over several horses and I had a pretty good idea of the value of horses, as to age and soundness, I have been accustomed to horses since I have been a child. My father was a farmer, and I only had the veterinary with me to certify as to their soundness.

Q. On that second instruction or second suggestion, you then of course said all right ?

A. Yes, and I saw Mr. Cunningham and I told him, I said to Mr. Cunningham: 'You might as well purchase the sleighs and robes and everything required for the equipment, I will leave it all in your hands, as long as the prices are reasonable market prices.' So I saw the horses later in his stable, there was some delay about filling the order, he could not get the quantity asked or the proper style of horses, the size, there was a few days' delay. I went around with him to see some sleighs ; I wanted to get a suitable article that would be fit for the men to travel in, that would carry a load, to

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suit the roads, and I was with him when he priced some sleighs, two second-hand sets and one new set, and others that would not suit. Then later on I called him up by 'phone, during this delay in filling the order, at the time he was waiting for the last horse to come in, it came in by train, I believe, to match another and make up a team, I called him up by 'phone and asked him what price he had on those horses ? He told me, and I said: 'I won't pay that price, you are $25 too high per team.'

Q. What were the prices he mentioned to you ?

A. The prices he had in his account. Then I called Dr. James up by 'phone and told Dr. James what I considered these horses were worth and asked his opinion. He agreed with me on my value. So later on when the accounts came in and the accounts had to be certified by me, and I told Mr. Cunningham, I had seen him in the meantime, that these accounts would have to be cut down on those prices, that I would not pay more than the sum I had agreed to pay. I altered the account as you see there in red ink, and then certified it as to those prices.

Q. And you stand by that certification ?

A. I do, yes.

Q. Would there have been any difficulty in you taking a little more time than you had already given and making those purchases yourself ?

A. Any difficulty ?

Q. Yes.

A. It would take me away from more important things.

Q. But would there be any difficulty ?

A. Yes, I would have been neglecting other things of more importance.

Q. Leaving that question of neglecting other things outside entirely you could easily have filled that order by taking time to do it.

A. Certainly I could, but it was a little out of my line.

Q. You were just as competent in selecting these horses and getting the right kind of horses and fixing the right prices as was Mr. Cunningham ?

A. I would not like to say that, I think he is more of a horse man than I am.

Q. But you have a good idea of horses ?

A. I have a fair idea of a horse's value.

Q. At least you were the judge, in the end, of the horses you bought.

A. Yes.

Q. What was the objection you took to the horses ?

A. I did not object to the horses.

Q. But at that price ?

A. Well, I considered that it was too high a price for that class of horse.

Q. What was the class of horse ?

A. Because I have a certificate here from the veterinary. He describes each horse separately.

Q. Yes.

A. Some of them were not quite free of blemish, but still he considered them all right for what was required of them. I considered I was allowing him more than full value for the horses on the prices I did allow.

Q. You know pretty well the price of horses ?

A. Yes.

Q. What was the objection you took to the sleighs ?

A. The price of the sleighs.

Q. Were the sleighs all first hand ?

A. No.

Q. Part of them were second-hand?

A. I know that two sets were second-hand and perhaps three. There was one new sleigh that I looked at with him and the dealer asked $40 for it. But there was a little change required in the arrangement of the rack or bobs.

Q. That was a double sleigh ?

A. A double sleigh, they are all double sleighs, these four.
Q. What would the box of that sleigh be worth ?
A. Well, probably $6 or $8.
Q. Which would make the price $46 or $48 ?
A. Yes.
Q. The price charged by Mr. Cunningham was ?
A. $75.
Q. You consider that too much ?
A. I did, I could get the same sleighs built complete just to turn them out now for $40. I have a letter from a tradesman to that effect ; he is a builder of sleighs.
Q. For $40 ?
A. $40.
Q. In which case, no rearrangement or anything would be necessary ?
A. Exactly.
Q. That is you could have bought serviceable sleighs for $40 apiece ?
A. Yes.
Q. Did you have anything to do with the harness ?
A. No, he furnished the harness.
Q. He charges $150 for four sets of double harness, that is $37.50 per set ?
A. Yes.
Q. Did you cut down that price ?
A. No, I thought that reasonable, I do not think I cut that.
Q. Any price higher than that you would consider unreasonable ?
A. Yes.
Q. What about the robes? Do you remember what fault you found with the robes?
A. Yes, he charged those robes at $15 per robe, and I had priced the best class of goatskin robe—this is an imitation musk-ox, for $9.
Q. $9 from dealers ?
A. From the dealers.
Q. Just as good as those taken from Mr. Cunningham ?
A. A great deal better.
Q. Than those taken from Mr. Cunningham ?
A. The kind that he furnished were the smallest and cheapest of goatskin robes.
Q. For them he charged $15 ?
A. I could buy these same robes for from $4 to $6.
Q. As good as those he furnished ?
A. Yes.
Q. And the best kind of robe for your service you could have bought for ?
A. $9.
Q. Did you get prices on blankets ?
A. No, I consider his prices reasonable enough, on the quality of blankets supplied.
Q. You took objection I see to his charging for feeding the horses 10 cents per day?
A. Yes. In fact I do not know that I should have allowed anything for feed ?
Q. Why not ?
A. Because we took the horses when he had the horses ready.
Q. That is what I wanted to ask you. You said in your evidence before, that there was a good deal of delay in his filling the order ?
A. Yes.
Q. For that delay neither you nor the department were responsible ?
A. No.
Q. Just as soon as he got the last horse in you were ready to inspect them ?
A. Yes.
Q. And you did inspect them?
A. Yes.
Q. And took them ?

A. Yes, well, there was a little delay in my getting them rigged up with harness and sleighs, and that was part of the reason I allowed him for those three days.

Q. Well, he charged ?

A. Nine days.

Q. And six days of that you think were due to his own delay ? And not at all the fault of the department ?

A. Yes.

Q. That seems to cover all I want to ask you.

By Mr. Savoie :

Q. You say you did put up the price with Mr. Cunningham at the time you went into the stable to see the horses, at the price in his invoice ?

A. Yes.

Q. You are sure of that ?

A. Yes, positive.

Q. And Mr. James was with you at the time you saw the horses ?

A. He was with me, I do not know whether he was with me the first time or not, because I was there several times.

Q. Had you not the prices made up on the horses at the time you went into the stable ?

A. No. I am positive about that. The first time I talked prices with Dr. James was when Mr. Cunningham quoted me prices over the 'phone. I called Dr. James up immediately then on the 'phone.

Q. Did you not go and see the horses then ?

A. I had seen them several times before.

Q. Before ?

A. Yes.

Q. How can you make it out, you say you know horses, to have had a difference of $12.50 per horse when a horse is selling at $150 or $200, can you say that this horse is worth $12.50 less ? Are you able to go so close as that ? I see that you have taken off $25 on a pair of horses, that is $12.50 each horse ?

A. Well, we were then buying the horses by teams instead of singly, and there was no reason why you should separate them. We bought them by teams.

Q. But you make a difference of $12.50 each ?

A. I was buying a team, a double team of horses. I was not separating them at all.

Q. But you were able to say that each horse should be worth $12.50 less ?

A. We were not considering them singly, we were considering them by teams, I was getting them in matched teams, something that we could dispose of when the work was done. I wanted to get something that would be saleable. There was one single horse in the lot and that horse was not worth one-half what we paid for it, because it was doctored and it escaped the veterinary's notice. There was a shoe made to fit on a rotten hoof, and after it had worked a short time we had to get rid of it, two or three weeks afterwards.

By Mr. Gervais:

Q. Have you been a horse dealer ?

A. A horse dealer ? No.

Q. How many horses did you buy ?

A. I am not in the commission business buying 500 a year. I see that Mr. Cunningham yesterday attributed spite to me in cutting this account.

By Mr. Foster :

Q. Is there anything in that ?

A. No, I never met Mr. Cunningham before, I never had any other dealings with him, except this one, and I do not want to have any more with him anyway.

Q. You merely did as well as you could for the department ?

A. Yes, the same as if I was buying for my own use.

By Mr. Gervais :

Q. How many horses have you bought in your lifetime ?

A. I would not like to say very closely, but probably 100. I have raised them too, and I have sold them.

Q. What was the price of horses during the year you bought these from Mr. Cunningham ?

A. It depends altogether on the class of horse.

Q. There are many prices ?

A. All prices, from $1 up. There is a certain class of horse we call a dollar horse.

By Mr. Savoie :

Q. So that you are sure that you can cut off $25, as the difference in value for a pair of horses ?

A. Yes, and $5 too.

Q. That might be your taste, but the value ?

A. Exactly, my idea, my opinion only.

Q. When you speak about those sleighs there, you had to get them repaired so that they would suit your purpose better.

A. Not repaired, no. We had to get some of them altered, there was one sleigh.

Q. But Mr. Cunningham had to take them into the shop for that purpose ?

A. This sleigh was at the shop, he bought it from the maker, and it was there complete, but it wanted two side pieces and a back piece and a platform.

Q. Did you not have to get that work done by night time so as to get it away from the place to your work ?

A. It might have been.

Q. And that should have altered the price ?

A. Yes, certainly to some extent.

Q. It might have put the price up to about what he has asked for it?

A. It must be remembered that there were two of those sets were second-hand anyway, and one of them I was with him when he priced them, was only $22, a double sleigh without a box, and I have allowed him for that.

Q. The box had to be put on ?

A. Yes.

Q. That was only one-half the sleigh ?

A. Oh, it is more than one-half, it is the principal part of the sleigh. But these boxes he put on were made of rough lumber, full of knots, with one coat of paint. I was ashamed of them when they were taken out at the last, but the horses were ready to go away.

By Mr. Gervais :

Q. How many feet of lumber was used in making the box ?

A. Not very much ?

Q. How much ?

A. I could figure it out if I sat down to it.

Q. Was it 2-inch or 1-inch lumber ?

A. I guess 1-inch lumber would do.

Q. Was it hardwood or softwood ?

A. Softwood.

Q. What kind ?

A. Pine.

Q. Clear pine ?

A. No, culled pine with big knots in it, some of the knots knocked out.

Q. How many feet square were the boxes and what was the price of pine at that day ?

A. I do not know, I did not price it.

Q. You are not a lumber dealer ?

A. No, I was an engineer.

Q. How many coats of paint were put on ?

A. What I saw, the new one——

Q. How many coats, one, two or three ?

A. The new work had one coat of paint.

Q. How many hours was employed in altering the box ?

A. I do not know.

Q. What was the wages of carriage-makers ?

A. I do not know.

Q. What was the width of the box ?

A. I did not measure ?

Q. What was the height of the box ?

A. I did not measure.

Q. Could you make a rough price for it ?

A. There is a letter from a tradesman—I do not.

Q. I do not care what somebody else said.

A. When that work reached Aylmer, they were camped at Aylmer, it is my old native town, and Mr. Watt was doing some repairing to these sleighs for the engineer there, and I asked him: 'What could you build a sleigh of that description for'?

By Mr. Foster :

Q. What was the answer ?

A. This was one of the new sleighs, the best of the set, and I said: 'We may require some more of these sleighs and in that case I want to ge a price,' and he wrote me :

'Mr. RAINBOTH.

'DEAR SIR,—I will build you sleighs with box, seat, pole, whipple-trees and neck yoke, the same as those used on the job at Aylmer, for the sum of $40 each.

'Yours respectfully,

'JOHN WATT.'

By Mr. Gervais :

Q. Did you ask any carriage company at Montreal to give you some prices or any one in Ottawa to give you quotations for bob-sleighs ?

A. No.

Q. How many coats of paint were put on the sleigh ?

A. Some of the second-hand sleighs probably had three but I do not know about the others.

Q. Do you call that a second-hand sleigh ?

A. Some of them were, yes.

Q. How long had they been in use ?

A. I do not know.

Q. Did you see the steel shoe ?

A. I did not look at the steel shoes particularly.

Q. Did you examine the shoes well ?

A. No.

Q. You do not know how long they had been in use ?

A. No.

Q. Do you know what would be the cost price of the box, to put on the box as well, have you any idea of it ?

A. Of the cost of the box ?

Q. When you went to Mr. Watt, did you give him a specification of the bob-sleigh you wished to have ?

A. He had these sleighs at his shop.

Q. Did you give him a specification of your own ?

A. I told him to look at the sleighs and he was to build the same style of sleigh as he had in the shop at the time.

Q. Who is M. L. Dawson ?

A. He was my secretary.

By Mr. Savoie :

Q. Did you approve of that bill there, 'prices fair and just'?

A. Yes.

Q. Is that your signature ?

A. Yes.

Q. What was Mr. Dawson doing ?

A. He was my clerk and secretary.

Q. How is it that he had been using that rubber stamp as follows : 'Goods received, prices fair and just' ?

A. Yes.

Q. He signed that statement that certified to the quality of the goods he received?

A. Yes.

Q. He was entitled to do that ?

A. Yes.

Q. When M. L. Dawson signed the account he certified to the prices as being fair and just ?

A. We were certifying to the initialled figures there, the red figures there. You notice my initials are there. If I am making a change in any account I always initial it.

Q. Who ordered these goods ?

A. I did.

Q. When you order some goods, I suppose you put up a price on them before you buy them that you may avoid later on this cutting of prices ? Is it not customary commercially, is it not universally the custom to put up the prices, before goods are bought and received ?

A. Not always.

Q. Not always ?

A. In general they are, because there is the market price for goods.

Q. Before you bought these horses you had seen them ?

A. Yes.

Q. Did you discuss the price to be paid on them?

A. I did.

Q. What was the price put on them ?

A. He told me the price and I told him I would not give that price.

Q. And nevertheless you received the goods, you took the horses ?

A. Yes.

Q. Would it not have been more proper to set the price first ?

A. I did set the price.

Q. Well, how is it then that the account came for a higher price than the one set by you before purchasing.

A. He thought he would take chances I suppose on getting the price.

Q. Who was present when you put up the price with Mr. Cunningham ?

A. I talked the price with him over the 'phone.

Q. It was over the 'phone ?

A. Yes.

Q. And was any one present in your office at the time ?

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A. The 'phone is in a closed cabinet.

Q. Do you know that you were speaking to Mr. Cunningham himself or was it some one else ?

A. Yes.

Q. Are you sure of it, do you know his voice ?

A. Yes.

Q. Would you be surprised that Mr. Cunningham would swear contrary to what you are saying ?

A. No, I would not be surprised.

Q. Should he swear contrary to what you are now swearing do you think he would be perjuring himself ?

A. Yes, or that he was mistaken.

Q. Would you accept his own statement under oath ?

A. A man, sometimes, his memory may fail him, I would not like to be too harsh you know.

Q. You would not be too harsh ?

A. Oh, no, a man sometimes, unless he takes note of a thing, his memory may fail him, or may play him false, he may be sincere in what he is saying. I do not want to pass judgment on any one.

Q. Then you take back what you said that he would perjure himself, you are not ready to swear that he would perjure himself should he state exactly the contrary to what you say now.

A. I would say he was mistaken.

Q. There is an item of 18 robes at $15. Do you know the price of the different robes ?

A. Yes.

Q. Have you been buying many during your lifetime ?

A. I have bought a few.

Q. How many ?

A. I do not remember.

Q. When did you buy the first one you did have ?

A. Probably twenty-five years ago.

Q. What was the difference in price in 1870 between a buffalo and musx-ox robe?

A. I do not remember.

Q. What were the current prices of the robes when you bought those mentioned here in the account ?

A. You are speaking of that class of robe, are you not ?

Q. Yes.

A. They would be from $6 to $8 and $9.

Q. From $10 to $15 according to the quality of the robe.

A. I got a price quoted for the best at $9.

Q. From whom did you get this quotation ?

A. I forget the man's name now.

Q. From how many did you get quotations on robes ?

A. From half a dozen.

Q. Will you name three ?

A. From Stonehouse & Wilson, I think, that firm has changed names so often. it used to be Stonehouse & Chamberlain at the corner of Wellington and Lyon, and Mr. Pink was another.

Q. Did you get quotations in writing or verbally ?

A. I remember one of the agents called at my office and brought a sample when I was not there, and my secretary told me about it. He left his card with the prices marked on it.

Q. Did you see the samples ?

A. Yes.

Q. What was the price put on that sample ?

A. It was $9, it was the best robe imitation musk-ox.

Q. Do you know that you may buy musk-ox robes for $15 or $50, or as low as $5 ?

A. Musk-ox robes ?

Q. What are the qualities upon which you base your valuation of the robes, is it the number of holes in the robe which have been patched up ?

A. The quality of the skin.

Q. What do you call the quality of the skin ?

A. The hair.

Q. The hair first and then the hide afterwards?

A. The hide and the skin.

Q. The hide, the skin and the hair ?

A. And the size of the robe.

Q. How many holes were there in these robes ?

A. It was not a question of holes, it was a question of quality.

Q. It was a question of quality ?

A. Because you have to take the robe apart to see the holes, because it is lined.

Q. And you put up a price on the robe between $10 and $15. Do you know the price paid by Mr. Cunningham for those bob-sleighs ?

A. Yes. Well, the two best of the four, I was with him when he priced them. One was $40 and the other was $22.

Q. Then there was a set price ?

A. But there was some changes to be made, there was a box to be put on, do you see.

Q. What was the price of lumber at the time ?

A. The lumber that was put in them was probably worth, I suppose it was roughly about $15 a thousand.

Q. For the box itself, alone ?

A. Yes.

Q. Should it be said to you that they cost him over $25 would you be surprised ?

A. $25 ?

Q. Yes.

A. For the sleigh complete ?

Q. No, for the box.

A. Yes, I would be very much surprised.

Q. You have never been in a carriage-maker's shop?

A. No, but I have bought sleighs.

Q. Were the skeleton bob-sleighs in hardwood or softwood ?

A. They are never made of softwood.

Q. Well, I do not know, I am a lawyer by trade.

A. Some softwoods are dearer than hardwoods.

Q. What kinds of softwood ?

A. Pine.

Q. British Columbia pine ?

A. No, our own Canadian pine to-day is dearer than hardwood.

Q. It is dearer than hardwood ?

A. Yes.

Q. And the skeleton of the sleigh was in hardwood?

A. I am positive it was hardwood, it is never made of softwood.

Q. What kind of hardwood?

A. It was painted, I did not examine it.

Q. What is the difference between oak and soft wood in price ?

A. I took it for granted that it was made of oak, or some kind of hardwood.

Q. What was the price of the hardwood ?

A. I do not know.

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Q. What was the quality of the iron used for the shoes, was it cast steel or Swedish steel, or cast steel of Canadian make ? Do you know what is the difference between cast steel imported and Canadian cast steel, the difference in price between the two?

A. I do not know anything about the prices.

By Mr. Foster :

Q. With reference to the box put on that sleigh, whatever was necessary over and above the condition in which it was delivered at the price, it was the price ; taking into consideration the quality of the material used; now what would you think it would cost ?

A. Well, I would think from $6 to $8.

Q. If that were done at night time there would be a little more, I suppose ?

A. It might be worth a little more, yes.

Q. But that would be the price ?

A. Yes.

Q. You saw these two sleighs, you were with him when they were priced, and one was $22 ?

A. Yes.

Q. Was that one of the sleighs he furnished ?

A. Yes.

Q. And the other was $40, with a box to put on it ?

A. The platform was on it, it was like a city delivery sleigh, with a platform and rack in front. He had just to put a rack on each side and at the back.

Q. That other one was quoted at $40 ?

A. Yes.

Q. And he put these in at $75.

A. Yes, $75.

Q. You say there was a single horse bought, and that the single horse did not prove to be good, what was the trouble ?

A. He had a bad front foot, that was plastered up and a shoe made to fit the roughness, and when the horse was delivered in the country about 50 or 60 miles out, the engineer there, after having it two or three weeks, it went lame, and he had to trade it. The horse got so lame that he could hardly use it and he traded it.

Q. He traded it for another ?

A. Yes.

Q. Was it an even trade that he made, do you know ?

A. No, he gave considerable to boot.

Q. What do you consider was the actual value of that horse when the defect was known compared with what was paid for it ?

A. About one-third.

Q. About one-third ?

A. Yes.

Q. The price paid for the single horse was ?

A. $165.

Q. In your opinion, if the fraud had not been practised, I am not saying who practised it, but it was there, it would have been worth about one-half more than it really was worth ?

A. Yes, I do not blame Mr. Cunningham for that, because it may have been the man he got it from.

Q. I am only getting at the facts.

A. The price of the horse was not changed in the account.

Q. I notice it was not. Was there any price fixed in your first order to Cunningham as to what should be paid him for the horses ?

A. No.

Q. There was none ?

A. No.

Q. Was there any standard fixed?

A. No.

Q. He was to get the horses and the grade of the horses as to suitability, and their prices were to be fixed by you ?

A. Yes.

Q. That is what was done ?

A. Yes.

Q. If Mr. Cunningham says he was ordered to get these horses of a certain weight, that he would be paid for horses of that weight, provided they were sound, a certain amount, that would not be in accordance with the facts ?

A. It would not apply to my district, it may have applied to the Montreal district.

Q. But not to your horses ?

Q. These were a different order altogether from the first order.

Q. The first order were altogether unsuitable for your work ?

A. Yes.

Q. But they were afterwards taken for the Montreal district ?

A. No, before I got mine.

Q. But after he had got them apparently for your district ?

A. No, he got them first, there were six for the Montreal district and three for mine, but when I saw those horses I said they were too light for my work.

Q. Those three for your district ?

A. Yes, and they decided to use more horses in the Montreal district and the Montreal district took those three.

Q. What is the difference between the Montreal district and yours as regards the quality of horse anyway ? Would they not need just as good horses, just as heavy horses there as you would in the Ottawa district ?

A. No, they would not, because the country is more thickly settled and the roads are more travelled. There is one part of my district that was very sparsely settled, and the travelling was a great deal on the ice instead of on the land roads, and it would be heavier travelling for the horses.

Q. Would you consider the horses Mr. Cunningham had at that time fit for the Montreal district at the prices he asked for them ?

A. I do not know anything about prices in the Montreal district, I do not know anything about the prices of that first lot.

Q. You would consider, as to quality, that the horses were fit for the Montreal district ?

A. Oh, I think so.

Q. For the work required there ?

A. Yes.

Q. These horses in the government service you use in the winter, what are you doing with them all the winter ?

A. Well, the men travel with them to their work from the camp.

Q. To their work from the camp ?

A. Yes.

Q. What are these men doing ?

A. They are engineers surveying along the river and men taking soundings along the ice.

Q. You have to camp at a certain place and do the work in contiguity to that camp travelling to and from the camp with the horses ?

A. Yes, they travel to and fro with these horses ; sometimes they would have to drive eight miles probably from camp, and they would use the horses in the sounding work. We had ice boring machines with a rig for hitching the horses to them you know. Sometimes we had to use the snow plough, when the snow was deep, and there

was slush, so that we could not work until we cleared it away and the horses had to be used for that also.

Q. Taking all that work into consideration, you had very heavy work on the horses?

A. Some of it was very heavy up on the upper end of my district.

Q. Having good horses, and feeding them well, as I suppose you did do, the government feed is generally good, I think, I have not much knowledge of it myself, but taking good care of the horses, feeding them well, would they not come out of that work in the spring pretty nearly as good as they went in.

A. Well, it depends altogether on the care they get and the way the men look after them.

Q. Supposing that you have good feed, good care of them, with that work, heavy and rough as it is, would they come out pretty nearly as well as they went in ?

A. Well, if they were not injured in any way they should.

Q. I mean, of course, if the horse is not injured ?

A. Working in the slush, sometimes, they get very much cut up about the feet.

Q. As a matter of fact, do you know how these teams did come out ?

A. I would know in my own district only.

Q. I mean in your own district ?

A. Yes.

Q. How did they come out ?

A. In first-class order.

Q. The teams when they came out in the spring were in first-class order ?

A. Yes.

Q. What would be your views as to the price paid for them when they were bought and the price they would be worth when they came out considering their condition, and the fact that they had been in there all the winter? Would they be pretty nearly as valuable when they came out as when they went in in the autumn and winter?

A. Yes, they would be, I think, but you would not get as much for them because it is a different proposition when you go to sell a horse from what it is when you are buying one.

Q. But intrinsically the would be worth pretty nearly as much as they were when they went in in the winter?

A. I do not think they would be worth quite as much because a horse is getting older and there would be depreciation that way for age.

Q. They would be that much older, six months. Did you get prices for all these articles, that you would need when the commission was given to you to make preparation for your survey ?

A. Not quite all. I did on the horses and sleighs and robes, the principal articles.

By Mr. Gervais :

Q. Mr. Rainboth, do you know anything about the lumber business, lumber making ?

A. Do I ?

Q. Yes.

A. A little.

Q. You have some experience about lumbering ?

A. Well, I have never lumbered, I have bought lumber.

Q. As a matter of fact are you ready to swear that a horse which goes into the forest in the month of October has its value reduced by from 30 to 50 per cent when it comes out of the forest next spring, is not that the rule ?

A. I would not actually like to say it is the rule but it is quite possible.

Q. And quite probable ?

A. Yes.

Q. Would you assimilate the work done by your horses going around with the surveying parties to that done by horses employed in the lumbering business hauling logs, &c. ?

A. Oh, no, not nearly as heavy work.

Q. Is it not a fact that in the lumbering business in the lumbering camp, the horses are generally better fed, and better taken care of, than horses are around with your surveying parties ?

A. No, sometimes they are very badly served.

Q. And sometimes very well served ?

A. Not as a rule, they are very roughly used.

Q. At any rate you do know there is a difference in value of from 30 to 50 per cent on horses sent into the forest in the fall and coming out in the spring?

A. Oh, no, I would not say that.

Q. Are you ready to swear that is not the case ?

A. It is possible in some cases.

Q. In most cases, is it not ?

A. No, I would not like to say that.

By Mr. Fielding :

Q. Do you know anything about the sale of these horses, the manner in which these horses were sold, did that come under your observation or duty ?

A. These horses we are speaking of now ?

Q. Yes.

A. Yes.

Q. Do you know the manner in which they were sold ?

A. Yes.

Q. How were they sold?

A. By public tender. They were advertised in the upper end of the district, in what we call section 4, the sale of these horses was advertised in the Pembroke papers, the local papers. They were camped about 10 miles above that.

Q. Who purchasd them ?

A. I do not altogether remember the name of the man.

By Mr. Foster :

Q. They are all here, tenders called for, all sold by tender ?

By Mr. Fielding :

Q. They were all sold by tender. Are you speaking of the horses bought by Cunningham ?

A. Yes.

By Mr. Gervais :

Q. What was the nature of the disease in this horse, this single horse you were speaking of ?

A. It was something about the foot.

Q. There are many things which would come around the foot of a horse ?

A. Yes.

Q. What was the name of the disease ?

A. I do not know, it was some decay in the foot.

Q. What was the cause of the decay in the foot ?

A. I do not know.

Q. Do you know how long it takes for a veterinary surgeon to ascertain what was the cause of the disease ?

A. The veterinary surgeon himself could not detect it.

Q. Do you know that throughout the land there is a delay of eight days fixed during which all defects are supposed to be detected otherwise the purchaser is debarred from any action, is not that the rule ?

A. I never heard of it.

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Q. It is the rule, is it not, in the courts?

A. I do not know. I bought a horse at one time and had a veterinary with me, and he did not detect anything wrong with the horse, and yet it had an incurable disease.

Q. Where was it?

A. In the foot. It was a lameness that came and went. I think they called it navicular.

Q. It was intermittent?

A. Yes.

Q. Was it apparent and then not apparent?

A. This was very apparent at times; but it was not apparent when I bought the horse and I had the veterinary with me.

Q. You had the veterinary with you?

A. Yes.

Q. What was his name?

A. It is a horse I am speaking about; it had navicular disease.

Q. Yes, but who was the veterinary?

A. Dr. Gordon.

Q. And the case you are speaking of is a case of your own experience?

A. Yes, a horse I bought for myself out of my own pocket, and he was not worth one-fourth whot I paid for him.

Q. In this case what was the name of the veterinary surgeon employed by the government?

A. He was not employed by the department; he was employed by me.

Q. What was his name?

A. Dr. James. He lived at that time at the corner of Kent and Sparks streets.

Q. Is he still there?

A. I am not sure.

Q. Did he examine these horses at the very moment of the purchase?

A. These horses?

Q. Yes, these horses?

A. Yes, he examined them.

Q. Every one of them?

A. Every one of them.

Q. Even the horse with the sore foot?

A. Yes.

Q. Did he discover that soreness?

A. I will read the certificate he gave me for that mare.

Q. For that very same horse?

A. That very same horse. This is his certificate:—

'I hereby certify that I have this 12th December, 1904, examined a grey mare, six years old, off, 16 hands high, no marks, said to belong to Walter Cunningham, and about to be purchased by the Georgian Bay Ship Canal. I consider said mare to be sound.

'A. E. JAMES,
'V.S.'

Q. When did you discover afterwards that grey mare was suffering from a sore foot?

A. Oh, in the course of a few days.

Q. How many days after the issuance of that certificate by Dr. James?

A. The horse was shipped from here by rail.

Q. And then?

A. To the engineer in charge of section 5.

Q. Where at?

A. Campbell's Bay.

Q. When did you first receive the report about the soreness of the foot?

A. It might have been a couple of weeks afterwards.

Q. You do not know who had been in charge of the mare in the meantime between the two dates?

A. No.

Q. Had any accident happened to that grey mare?

A. No.

Q. Do you know that the grey mare had not been meeting with an accident by way of some nail getting into the foot?

A. No.

Q. Do you know that a single shoe nail will be sufficient to produce soreness in the feet?

A. Oh, yes.

Mr. FIELDING.—The witness has said he did not blame anybody for the unsoundness of the horse. He does not find any fault with Mr. Cunningham on account of the condition of the horse. That may have happened anyway. He said the horse turned out badly, but he did not blame anybody for it.

By Mr. Savoie:

Q. That may have happened going along the road?

A. Yes.

By Mr. Zimmerman:

Q. There was some question raised as to the price paid for these horses and the price received for them. Now, as a matter of fact does not the law of supply and demand regulate all prices about horses the same as for other articles?

A. Oh, yes.

Q. Well now, in the fall, is it not a fact that that particular style of horse is required largely in this part of the country for lumbering?

A. No; there is more demand, I would say, for that class of horse in the spring.

Q. In the spring?

A. Yes; they are too light for lumbering; they would be suitable for farm work, or for light grading on railway work.

By Mr. Loggie:

Q. When you mentioned the price of the robes, I see you cut the account down very much. Do you know the size of the robes you cut down from $15 to $10?

A. They were very small, some of them. In fact if it was not that it was only at the last moment I saw those robes when the horses were ready to be shipped by rail, I would have refused the robe altogether, they were that small. Some of them were actually only little robes for the back of the cutter.

Q. How many of them were of that size?

A. The majority of them.

By Mr. Gervais:

Q. What was the length of them?

A. I did not measure them.

By Mr. Loggie.

Q. I heard you say you were quoted goat robes at $4 and $5. I think I heard you say that in your evidence?

A. $4 to $6 I think I said.

Q. $4 to $6?

A. Yes.

APPENDIX No. 3

Q. Did you see those robes you were quoted at from $4 to $6—I mean were the robes made; I do not mean a sample of the material?

A. The whole robe?

Q. Can you tell us the size of those robes?

A. I did not measure them. The $4 robes would be the smaller size, and the larger was a back robe for a single cutter.

Q. So far as that is concerned, they were practically the same robe except for the difference in size?

A. No.

Q. You say that the $4 robe would be the smaller one and the $6 was the larger one?

A. Yes.

Q. As far as that is concerned, practically the same robe except that it was a larger one?

A. Between those two prices, yes.

Q. If that be true, would you say they were simply a larger robe of the same quality?

A. No; I saw some of the best at $9.

Q. What would be the size of the one you saw at $9?

A. Quite a fair size; all you would require for a front robe for a sleigh.

Q. I know, as a matter of fact, that there is even in the same quality of robe, according to the size, there is more than 50 per cent difference, and it does seem to me—did you see these robes before you took them off of Cunningham's hands?

A. I saw them as I said at the last moment, when we were hitching the horses to in the sleighs to take them away to the railway.

Q. If you had bought these robes in the way of trading with the department instead of Cunningham, you would have charged $15 for them, knowing that he may have made a profit, probably on what they were quoted to you, at $9 or $10. Would you like to have your account cut down from $15 to $10 without knowing more about them than you seem to know?

A. If I had the purchasing of those robes I certainly would never have bought robes of that size or quality, because they were practically no good to us. When they got out to the work the men used to have to put two of these robes over their knees.

Q. I want to know if you had seen them.

A. I would not purchase that class of robe nor I would not furnish them. I would be ashamed to send out that class of robe on any kind of government work.

Q. Well, you should not have taken them from Cunningham then?

A. No, I should not, and I would not have taken them, only it was the last moment, when everything was ready to go and the men were waiting for the horses.

By Mr. Gervais:

Q. You had not one single moment to consider the prices before taking the robes?

A. There was no price quoted on the robes then.

Q. But they had been quoted, I understand?

A. To me?

Q. Yes?

A. By Cunningham?

Q. Yes?

A. No. The first price I ever saw on the robes was when he sent in his account, and I considered it barefaced robbery to put in a price like that for that class of robe.

Q. Who ordered the eighteen robes?

A. Who ordered them?

Q. Yes?

A. I did.

Q. You did?

A. Yes.

Q. Did you see a sample of them?

A. No.

Q. You did not see a sample of them?

A. No.

Q. Did you tell Cunningham the price of these robes?

A. I do not think I mentioned prices. I asked for a first-class robe; I meant the best goatskin robe; I did not mean a little twopenny ha'penny thing that was not fit to give anybody.

Q. I want you to answer my question, which is very plain I think. Did you fix a price on these robes before you ordered them?

A. I told you before I did not discuss the prices of the robes with Cunningham. I was willing to pay the best price for the best article.

Q. Do you know which are the best prices for the best articles in that line of business?

A. In robes?

Q. Yes?

A. Yes.

Q. What is the best price?

A. I have paid as high as $50 for my own use.

Q. Did you pay any higher price?

A. That is for musk-ox robes.

Q. Did you pay any higher price for that article?

A. No; I am telling you the price I did pay.

Q. Now, Mr. Rainboth, before you go would you promise this committee to file a schedule of all the quotations you had in relation to the articles now under discussion?

A. I would not remember the prices now, the exact prices.

Q. Would you give a list of all the names of the merchants from whom you got quotations in relation to the goods now under discussion. Can you supply the committee with a list of names of parties, either in Ottawa or elsewhere, from whom you got quotations in relation to the articles in question; can you do that?

A. Well, I do not remember the names of some of them.

Q. Can you give to the committee three names out of the many parties?

A. I have given two names already.

Q. Can you recall any other names?

A. I do not remember the other names.

Q. You do not remember the name of any other single party from whom you got quotations for the articles now under discussion?

A. No.

Q. Who quoted price from $4 to $6 per robe?

A. Well, I forget them.

Q. You forget?

A. I forget which particular one it was, because I was in half a dozen different places.

Q. You cannot now tell the committee one single place into which you went to get quotations?

A. Well, I remember this one man in particular on the corner of Lyon and Wellington, quoting me $9 for his best robe.

Q. What is his name?

A. I do not remember the name. The firm at one time was Stonehouse & Chamberlain. I think Wilson is his name.

Q. Is he a clerk in the store or the proprietor?

A. I think he is the proprietor.

By Mr. Foster:

Q. What became of these robes?

A. Some of them were sold and some of them were put into store. One outfit, up in section 4, they sold everything complete, sleighs, robes and harness, and in section 6, that is near Ottawa here, they sold the horses and sleighs and sent the robes in.

Q. Would the robes be much worn in four or five months' service?

A. Oh, some of them might be ruined entirely; they were that cheap class of robe.

By Mr. Fielding:

Q. You are residing in Ottawa?

A. Yes.

Q. If the committete should desire your presence again you could be called in case any of the officers of the department to whom you have referred should desire it? You will be in town?

A. I expect so; but I am away in the country occasionally you know.

Q. But you will be here for a day or two in case anything is required?

A. Yes, for a week.

By Mr. Gervais:

Q. You are not in the employ of the government?

A. No.

Q. When did you leave?

A. I resigned in January.

Q. January, 1906?

A. Yes.

By Mr. Foster:

Q. Did Mr. Cunningham ever make any special effort to have you certify to those goods, to his prices?

A. No. I told him I had cut his account.

Q. And he dissented from that view of it, did he?

A. Yes.

Q. Did he use any persuasion as to why you should not cut his account?

A. Well, it is not a very nice piece of business to talk about, but he evidently thought he could buy me for $100.

Q. In what way did he make that evident?

A. He sent a present up to my office with two boys.

Q. What did the present consist of?

A. A fur coat.

Q. About what time was that?

A. Well, I forget exactly.

Q. Was it about the time of the account?

A. It was before the account came in to me.

Q. What intimation was there, or was there any intimation with reference to that present? Was there any letter accompanying it?

A. Yes, there was an invoice.

Q. There was an invoice?

A. Yes.

Q. Was it receipted?

A. I do not think it was, but it was marked 'discounted.'

Q. What was the purpose do you think of that?

A. Well, it appeared to me as if he thought I would accept this, and the account would not be cut.

Q. You had never ordered any coat?

A. No.

Q. You had never talked with him about it?

A. I think I had talked to him about it, when he was buying these fur robes. I had been looking for a coon coat, and I told him that if he was buying the robes whole-

sale he could buy me a coat for my own use, as I wanted one, and I would pay him. He said, 'It won't cost you anything,' and I replied, 'then you need not send it. If you will get me a good coat of first-class quality, send the invoice with it, and I will pay for it.' So he sends this coat up with two boys and the invoice. I told the boys to take it back to their boss, and tell him he had made a mistake and sent it to the wrong place.

Q. You had never made any arrangement with him as to the delivery?

A. No.

Q. Nothing ever occurred between you and him later with reference to that same thing?

A. No.

Q. He never made mention of it to you?

A. No.

Q. At the time he sent the coat did he send the bill with it?

A. He sent the invoice with it.

Q. What was that?

A. It was his own invoice. I think I have it here.

Q. As to the price of it?

A. No, I have not got it here.

By Mr. Gervais:

Q. Where is it?

A. I guess it must be at my house. I thought I had it.

Q. What is the date of it?

A. I do not think it was dated.

Q. How did it read?

A. It said: 'Mr. Rainboth, dr. to 1 coat, $100; less 40 per cent discount, less 25 per cent discount, less 15 per cent discount,' and I think the 15 was repeated again, and then '3 per cent again for cash.'

By Mr. Foster:

Q. That is a pretty liberal discount?

A. And the invoice was on his own business paper. Well, I heard some time after that the account was being passed at the department, and I went to see the deputy minister, and the chief engineer was in his office at the time. I told him what I had reported on the account, and why I had cut the account, and gave him my reasons for it, and he said that they were allowing my cut on everything but the horses; that the veterinary and Mr. Cunningham had made affidavit, and there was a statement by the veterinary attached to it, agreeing with Mr. Cunningham as to the price of the horses. On the strength of that they were allowing Mr. Cunningham his price on the horses, that the veterinary would be the judge of the horses' value. I told Mr. Gobeil that the veterinary was employed by me to certify as to the soundness, not as to the value, and that those prices should not be allowed; that I knew as much about the value of the horses as the veterinary and perhaps more. I said Mr. Cunningham thought he could buy me for $100, and I said my price may be $1,000,000, it certainly is not $100, and I said in proof of what I say I will show the invoice. Mr. Gobeil said he had recommended the payment of it, and I said if I had known it had gone through I would never have come up, but I thought I was in time to stop it.

Q. The bill was practically discounted off?

A. Yes.

By Mr. Gervais:

Q. Why did you keep the invoice and send back the coat?

A. Do you not think it was a wise thing to do?

Q. I do not know.
A. I think it was.
Q. You thought that it could be used by you as a weapon?
A. Oh, no, I am not using any weapon.
Q. Would you now file this so-called invoice before this committee?
A. Can I?
Q. Yes?
A. I can, yes.
Q. In whose writing is it?
A. I do not know; it is on Mr. Cunningham's business paper.
Q. What were the names of the boys that delivered it?
A. I do not know.
Q. Were they in the employ of Mr. Cunningham?
A. I could not say. I have never seen the boys before or since.
Q. You do not know who the boys were, or whose writing was on this piece of paper?
A. No.
Q. And you kept the invoice and sent back the coat?
A. Yes.
Q. But you had been asking Mr. Cunningham to buy you a fur coat previously?
A. I did not ask him to buy me one, but I told him I was looking for a good coon coat for driving with, and I said, 'Are you buying these robes wholesale?' and he said 'yes.' Then I said, 'If you will buy me a coat at the same time you could get it wholesale prices and I will pay you for it.' He said, 'It won't cost you anything.' And I said, 'I do not want it at all then; but if you get the coat and send the invoice with the coat I will pay you for it.'
Q. What was the value of the coat that he sent you?
A. I would say about $100, at the price the coon coats were going then.
Q. Did you know the value of coon coats?
A. Yes, I had been looking at several; in fact I had one on trial from Devlin for a few days, but it did not suit me, and it was $100.

By Mr. Loggie:

Q. I understood you to say you expected to get this coat at wholesale prices?
A. Yes.
Q. Do you know as a matter of fact what the merchants pay for coon coats when they buy them from the manufacturers?
A. I was speaking of retail prices.
Q. You evidently thought you could get that coat at wholesale prices?
A. I knew that coon coats were very dear because I had been pricing them.
Q. Did you know what they were when bought from the manufacturers?
A. The wholesale price?
Q. Yes?
A. No, I could not say. I knew what Devlin was asking for his.
Q. On this account I understood you to say the first discount was 40 per cent, and then 25 per cent. Is that right?
A. Yes.
Q. That would mean that with 40 per cent off, that coat costs $60?
A. Yes.
Q. And then taking 25 per cent off that would reduce it to $45?
A. Yes.
Q. Then he took 15 per cent more off?
A. Yes.
Q. That would reduce it to a little less than $40?
A. And then another 15 per cent.

Q. Then that would reduce it down to $34? And then there was 3 per cent off for cash?

A. And these discounts were nearly all off the $100?

Q. Oh no, not at all.

A. That is the way I considered them.

Q. Not at all; that is not the way trade discounts are reckoned. That would make the price to you some $32.

A. I don't figure it that way.

Witness discharged.

Committtee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
June 19, 1906.

The Select Standing Committee on Public Accounts of the House of Commons met this day at 10.30, a.m., Mr. Belcourt in the chair, and further considered the accounts of Walter Cunningham, as set out at V—31, 32 and 43, of the Auditor General's Report, 1904-05.

Mr. W. CUNNINGHAM recalled and further examined

By Mr. Foster:

Q. You were asked to attend with your books and accounts. Have you brought them with you?

A. I did not understand you to say books, but I can get the accounts.

Q. That was the principal reason your examination on the last occasion was postponed for. We wanted the orders for the various goods that you delivered and your books also.

A. I did not understand you to say anything about books.

Q. You were so instructed at the last meeting.

A. Not as to books.

By the Chairman:

Q. Have you any books at home?

A. I have books at home, but I did not bring them.

Q. In connection with this matter?

A. I think perhaps I can find some entries.

The CHAIRMAN.—Perhaps you had better get the books then.

By Mr. Foster:

Q. Where are the requisitions by the department for goods?

A. I have not got those. I could not find them. I told you I did not have them.

Q. Did you issue these goods by requisitions?

A. Yes, or orders.

Q. What became of the requisitions?

A. I don't remember.

Q. You do not remember?

A. No.

Q. Did you destroy them?
A. Yes, I guess I did.
Q. We don't want your guess; do you know?
A. I have not got them.
Q. Do you know what became of them?
A. No, sir.
Q. Is it your practice to destroy your requisitions immediately after you have filled an order?
A. It was not immediately after, but some time after I got them.
Q. How long did you keep them?
A. Probably a month or two.
Q. And then you destroyed them?
A. Yes.
Q. These particular requisitions were destroyed?
A. They were.
Q. Have you looked for them?
A. Yes.
Q. Can you find them after diligent search?
A. No, sir.
Q. We want your books of account in connection with the purchases of horses, harness and sleighs. That will include your blotter. I think you might just as well get them and return as soon as you can.
A. I do not know that I can get them this morning. It will take a long time to look them up.
Q. Books of a year old?
A. A year and a half. It will take some time to find the blotter.
Q. You think it will take a long time to find only last year's account?
A. A year ago January.
The CHAIRMAN.—You had better go and look for them, and return as quickly as you can.

Witness retired.

Mr. EDWARD RAINBOTH recalled and further examined

By Mr. Foster:

Q. The invoice that you spoke of the other day and that you have mention of in your papers but did not have, have you got that with you to-day?
A. Yes, I have. Have you the account there, Mr. Foster?
Q. Yes.
A. Would you let me see that? (Account produced.) This is Cunningham's account for section 6 and section 4. I would like to see that for section 5—there were three sections in my district——
Q. Oh yes, here they are (producing account).
A. There was something I should have stated the other day that I would like to state now in connection with this account. I stated after the account came to the deputy minister's office I met Mr. Lafleur, the chief engineer there; I stated that also, and I stated that I told Mr. Gobeil all the facts that I stated here the other day, and that I showed him the invoice. I gave the reason why this account should not be allowed.
Q. That is, the facts with reference to the coat?
A. Yes. Mr. Gobeil told me at the time that he had recommended the payment of it.
Q. Before you had seen him?

A. Yes. I said in that case had I known the account had passed I would not have come up, but I said it would not do to stop payment. I find here a statement signed by Mr. Gobeil that it was recommended:—

'In view of Mr. Cunningham's declaration and Dr. James' certificate, the minister agrees with chief engineer's and my recommendation that the full amount charged for horses be paid to Mr. Cunningham.

'As regards the sleighs and horses' keep, in view of Mr. Rainboth's report, which is not controverted, the deductions made should be maintained.'

He did not tell me anything about the minister having recommended it.

Q. What is the date of that?

A. There is no date on it.

Q. It is signed by the deputy minister?

A. Yes, but no date. I never saw Cunningham's affidavit nor Dr. James' statement, but Mr. Gobeil told me that on the strength of that statement of Dr. James and Cunningham's affidavit that they decided to allow Cunningham's account. I told them that the veterinary was employed by me, not by the department, to certify to the soundness, not as to the value of the horses. I considered myself as good a judge of horse value as him. I said I talked to the veterinary over the 'phone about the price, and he agreed with me. I said it was a very strange thing that he would make a written statement contrary to that. I said the first time I met him I intended talking to him about it. I met Dr. James shortly after on the street, and inquired of him why he made this statement. He said, 'Mr. Cunningham led me to believe that you had certified to the account; he said if you were satisfied as to the price he had no objections.' That is the statement I wanted to make in connection with Dr. James' statement.

Q. Now, with reference to the invoice there; you have that with you?

A. Yes; I have it in the envelope just as it reached my hands.

Q. It is in an envelope with: 'Cunningham, wholesale and retail grocers, liquors, Rideau St., Ottawa'—a little part of it is torn off?

A. I had an elastic around it which has torn it some.

Q. That is the printed part there, and it is addressed to: 'Mr. Rainboth, Cory Block, Rideau St.'—that was where you had your office?

A. Yes.

Q. (Reading)—'Ottawa'—without a date—'Mr. Rainboth bought of W. Cunningham, wholesale and retail grocers, wines and liquors, 288-290 Rideau, corner King St., one coat, $100, less 40 per cent, less 25 per cent, less 15 per cent, less 15 per cent, less 3 per cent, spot cash. Mr. Rainboth, the traveller says that coat is extra process of tannery and natural skinned and he thinks it a very fine article, and so forth.—W. C'—which stands, I suppose, for Walter Cunningham, and that was written on paper which has printed at the head: 'Walter Cunningham, wholesale and retail grocers, wines and liquors, 288-290 Rideau St., Ottawa, Ontario.' Now, when you received that, Mr. Rainboth, how did you take these discounts, what did you take these to mean?

A. Well, there was only one amount mentioned in the column. I construed that they were to be discounts from that amount.

Q. Nothing is carried out?

A. Nothing is carried out.

Q. Cost $100, and nothing is carried out, and there is no balance made?

A. No balance made. I certainly considered that the thing was intended to not cost me one cent.

Q. It would look that way, because there does not seem to be anything balanced out. Well, when you received that what was your impression, Mr. Rainboth?

A. My impression was that he intended the coat—well, you might call it a present.

Q. And you immediately returned it?

A. I immediately returned it.

APPENDIX No. 3

Q. You informed the deputy minister of the circumstances?

A. I first informed my chief, Mr. St. Laurent, engineer in charge of the whole work, told him all the facts.

Q. Was that before the bill had been paid?

A. Before the bill came in—immediately after receiving this.

Q. You informed Mr. St. Laurent before the bill came in and consequently before it had been finally settled?

A. Yes.

Q. Of all the circumstances?

A. Yes.

Q. Do you recollect if Mr. St. Laurent discussed the question with you at all?

A. Well, no, I think I did all the talking myself.

Q. You felt like talking about that time?

A. I did, I felt hurt over the thing.

Q. You had never ordered any coat from him?

A. Not in that way.

Q. You gave in the evidence the other day how that had occurred?

A. Yes.

Q. And you do not recollect what Mr. St. Laurent said on that occasion?

A. Well, I do not think he liked it at all.

Q. But are you positive?

A. He agreed with me.

Q. You are positive that you communicated it to him?

A. Yes, because he signèd the account.

Q. Before the Cunningham bill was paid?

A. Yes.

Q. About what date was that that you received it?

A. Some time in January.

Q. Some time in January, 1905?

A. 1905.

Q. Some time in January, 1905?

A. There was another matter that I wanted to mention in connection with the horses for my district. I only purchased horses for two sections of my district. There were three sections in the district. I gave instructions to the engineer in charge of section 5—that was the middle section of my district—to purchase his own horses. His accounts are shown, the prices he paid for his horses.

Q. Who is that engineer?

A. Mr. Robert.

Q. Does he live in Ottawa?

A. He is dead. He died just a week after he came in from the field work. He died of tuberculosis.

Q. And he made these purchases himself?

A. He made these purchases himself and sold his horses after their work was finished.

Q. He did it himself?

A. Yes. So that the prices compared with the other sections, he paid less for his horses and got more for them when he sold them than we did on the other two sections.

Q. Was that section completed after the other two sections?

A. Yes. It was in between the other two sections.

Q. About the same class of horses for that as for the other?

A. Yes.

Q. In the spring he sold the horses?

A. No, the following winter. He kept them all summer. He had summer work for them.

Q. You did not see the reports of the horses?

A. Oh, yes.

Q. You did?

A. Yes, I had to approve of his account. All the accounts for the district came into my hands for approval.

Q. He was instructed by you to buy them?

A. Yes.

Q. And you had to approve of the accounts?

A. Yes. He bought sleighs also. His prices for sleighs will compare with the others.

Q. You received instructions from your department to buy these outfits for the whole of your district?

A. Yes.

Q. Was that given in writing?

A. No, it was not.

Q. That was given to you by Mr. St. Laurent?

A. Yes.

By Mr. Northrup:

Q. Do you happen to remember how many sets of harness were sold back to Cunningham when he bought the horses?

A. He bought nothing back from my district, because I would have no more dealings with him. They were sold by public tender. One lot for section 4 was sold at Petawawa, and section 6, that is this end here, was sold in Ottawa to Mr. Landreville.

Q. Do you know if you were the only person who received a coat on similar terms to the one sent you?

A. I know nothing about them.

By Mr. Jackson (Selkirk):

Q. What was the value of this coat?

A. One hundred dollars.

Q. It was worth that?

A. Yes.

By Mr. Chisholm (Antigonish):

Q. At $32.50 would it be too cheap?

A. I do not know.

By Mr. Taylor:

Q. What horses did Cunningham buy—he bought some of the same ones sold?

A. That was for the Montreal district. There was another matter I would like to refer to here. My name is the only name in the Public Accounts appearing in connection with the horses or sleighs, whereas Mr. Cunningham sold to other officials on the work, and their names do not appear at all. I do not know why my name should appear, 'per Mr. Rainboth,' in brackets, when they are not the prices that I certified to. There is something wrong there somewhere.

By Mr. Foster:

Q. Your objection is that you certified to a certain price and you were overruled, and still your name appears as buying it for the other price?

A. Yes.

By Mr. Northrup:

Q. You were made the villian in the plot, and you object to that?

A. No, I do not consider I was the villain in the plot at all.

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By Mr. Foster:

Q. You don't understand Mr. Northrup's question.

By Mr. Northrup:

Q. I do not say you were the villain at all. I say they are trying to put it on you?

A. No. If I was one of the members of the plot I would understand it better.

Witness retired.

Committee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
June 26, 1906.

The Select Standing Committee on Public Accounts met here to-day at 10 o'clock, a.m., Mr. Geoffrion presiding, and proceeded to further consideration of certain payments to Mr. Walter Cunningham for horses, &c., in connection with the Georgian Bay Canal survey, as set out at V—31, 32 and 43, Auditor General's Report of 1904-5.

Mr. EDWARD RAINBOTH recalled and further examined

By Mr. Foster:

Q. Have you any record of the quality of the horses purchased from Cunningham?

A. Well, I have just the certificates furnished by the veterinary.

Q. Any information as to the height, weight, age of the horses?

A. Yes, I think it is included in the certificate of the veterinary.

Q. Have you got it there?

A. Yes.

Q. Well, there was a pair of horses for $400; what is the record of that pair of horses? There was one at $380 also, you will see. I want the record of each of these?

A. You want it of each horse?

Q. Yes?

By Mr. Pardee:

Q. What is that you are reading from?

A. The certificate of Dr. James, the veterinary.

Q. Given to you by him?

A. Given to me by him. The team referred to there—I will read you the certificate of each one:—(Reads):

'This is to certify that I have this seventh day of January, 1905, examined a bay mare, seven years old, off, about 15¾ hands high, with following marks, viz., white snip on nose and star on forehead. Above described mare said to be the property of Mr. Walter Cunningham, and about to be purchased by the Georgian Bay Ship Canal. I consider said mare to be sound. Signed, A. E. James, V.S., Ont.

'Remarks.—Mare interferes behind, due to faulty shoeing.—A. E. J.'

Q. What is the weight?

A. No mention of the weight.

Q. The other mare?

A. (Reads):—

'This is to certify that I have this seventh day of January, 1905, examined a bay mare, eight years old, off, about 15¾ hands high, with following marks, viz., star on forehead, and both hind fetlocks white. Above described mare said to be the property of Mr. Walter Cunningham, and about to be purchased by the Georgian Bay Ship Canal. I consider said mare to be sound. Signed, A. E. James, V.S., Ont.'

Q. No weight given?

A. No.

Q. Now then, the $380 team?

A. I do not find the certificate of that other team here. I am not sure whether I have it in my possession or not.

Q. Have you one of the $375 team?

A. I have that, yes.

Q. Just give us that, then?

A. There are two teams at $375.

Q. Yes?

A. (Reads):—

'This is to certify that I have this eighth day of January, 1905, examined a bay gelding, six years old, off, and about 16 hands high, with following marks, viz.: star on forehead. Above described gelding said to be the property of Mr. Walter Cunningham, and about to be purchased by the Georgian Bay Ship Canal. I consider said gelding to be sound. Signed, A. E. James, V.S., Ont.

'Remarks: Above gelding has a soft swelling on the outside of each hind leg below hock, which although a blemish, does not in my opinion injure the horse. A.E.J.'

'I hereby certify that I have this thirtieth day of December, 1904, examined a chestnut mare, 5 years old, off, 16 hands high, with following marks, viz.: white strip on face, both forefetlocks and nigh hind fetlock white, said to belong to Mr. Walter Cunningham, and about to be purchased by the Georgian Bay Ship Canal. I consider said mare to be sound. Signed, A. E. James, V.S., Ont.

'Remarks: This mare has a cold, with a cough and slight nasal discharge. She also has windgalls, but I do not consider them injurious. A.E.J.'

Then I have a certificate of the single horse, the grey mare.

Q. All right.

A (Reads)

'I hereby certify that I have this 30th day of December, 1904, examined a grey mare, six years old, off, 16 hands high, no marks; said to belong to Mr. Walter Cunningham and about to be purchased by the Georgian Bay Ship Canal. I consider said mare to be sound. Signed A. E. James, V.S., Ont.'

Q. I think I understood you in giving your evidence before to say that Mr. James was employed by you to inspect the horses and report as to their health, their soundness?

A. Yes.

Q. And for no other purpose?

A. For no other purpose. I may state that in the beginning the order was placed in my hands by St. Laurent to purchase.

Q. Yes?

A. And I went to Dr. James' office and told him about the purchases I proposed to make, and I suggested leaving the matter in his hands to purchase subject to my approval. Afterwards Mr. St. Laurent asked if I could not let Cunningham furnish these horses. Then I saw Dr. James and told him about the new arrangement, and I said: 'You go to Mr. Cunningham and inspect all his horses and report to me; give me a written certificate as to their age, soundness and so forth. Cunningham had a veterinary of his own he wished me to employ, but I refused to use him.

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Q. Mr. Robert, who is since deceased, had charge of section 5?

A. Section 5.

Q. Mr. Robert purchased horses for the work on section 5; did you have supervision of those purchases?

A. I left it entirely in Mr. Robert's hands, as he was on the ground up there. That was up near Campbell's Bay, below Coulonge.

Q. You left it entirely with him both as to price and as to getting veterinary's certificates?

A. Well, there was no veterinary in that locality. I told him to use his own judgment, as he was a good judge of horses. Of course the price was subject to my approval.

Q. And you saw these accounts and approved of them?

A. Yes.

Q. Well, I find here an account (reads):

'Callfield, January 16, 1905. Georgian Bay Canal, section No. 5, debtor to John Lawn, Callfield P.O., to 1 horse, $160.'

The prices are certified by Robert and your approval as district engineer. I find that it is a mare, black, white face and nose, five years old, weight 1,165 lbs., and height 14¾ hands. Was that approved by you?

A. Yes.

Q. I find also a bill of January 14, 'Dunraven, Georgian Bay Ship Canal, section 5, debtor to John Stewart, Dunraven, Que., one horse, $160, black, white face and nose, seven years old, weight 1,300, height 16 hands.' This is certified as to price by Robert and was approved by you—is that correct?

A. Yes.

Q. Then, there was a pair of horses bought for $350, 2,450 lbs. in weight, 9 years of age, 15¼ hands high, and bought from——

A. From T. J. McManus.

Q. Yes. They are certified by Robert at the price and approved by you?

A. Yes.

Q. Then there were three separate sleighs, the bill for which I will read you (reads):

'Shawville, Que., January 25, 1905, Alphonse Robert, C.E., to Armitage & Caldwell, Dr., dealers in farm machinery and implements, two sets of sleighs, $70.'

The prices are certified to by Robert and approved by you. Were these double sleighs?

A. Double sleighs.

Q. And what is meant by two sets of sleighs?

A. They were bob-sleighs. They call a sleigh rigged for a team a set.

Q. So that the two sets cost $70?

A. Yes.

Q. Each set would be $35.

A. Thirty-five dollars.

Q. You were cognizant of the purchase of these sleighs?

A. Yes.

Q. Then there is a bill for robes, bought at Shawville, the bill being as follows:—

'In account with C. F. Hodgins, general merchant:

'Two robes, $11 each	$22 00
'One robe at	10 00
'Three robes at $9	27 00
'Six robes at $11	66 00
making in all	'$125 00'

Then in red ink: 'Four Saskatchewan robes, eight goatskins dyed in black.' Robert certifies as to the price, and they are approved by you?

A. Do they distinguish as between the price of the goatskins there?

Q. No; the red ink mark is apart from the twelve altogether bought. There is just the number of each. Then there are horse blankets bought; then there is harness bought. We will take the harness first:—

'Shawville, January 16, 1905.

'Account of J. J. Turner.' I think it is two sets of harness at $34 each, $68. That would be single or double harness?

A. Double harness.

Q. Two sets at $34 each. There are two sets of pads at $4. Would that mean two pair?

A. Two pairs, yes.

Q. Then afterwards there are two pairs of felt pads at $1.50, two pairs of horse blankets at $8, together with a lot of other things, a number of other things, among which are four whips and lashes, $2. Now, that was approved, I see, by you, Mr. Rainboth. Is that correct?

A. Yes.

Q. Two pairs of horse blankets, $8—that was $4 a pair. Now, Mr. Rainboth, what I want to ask you is this: with reference to the sleighs, have you any knowledge as to the comparative efficiency and value of the sleighs bought by Robert and bought by you from Mr. Cunningham?

A. Yes. I drove in both of them during the winter, and saw the men going to and fro at work, and the sleighs purchased by Robert were certainly more suitable for the work and a better sleigh in every way.

Q. The sleighs purchased by Robert were more suitable for the work and better in every way than those purchased by Cunningham?

A. Yes.

Q. Now, the sleighs that Robert bought cost for the two sets of them $70, which would be $35 per set?

A. Yes.

Q. The price charged by Cunningham was how much—four double sleighs, $300, which would be——

A. Seventy-five dollars each, and I reduced them to $50.

Q. So that what Cunningham charged $75 for, a double sleigh, Mr. Robert, in your opinion, obtained equally as good, if not better, for $34?

A. Yes—for $35.

By the Chairman:

Q. You allowed him $50 for the $75 sleigh?

A. Yes.

Q. He asked $75 and you allowed $50?

A. Yes.

By Mr. Foster:

Q. With reference to the robes,—have you a knowledge of the robes bought by Mr. Robert, and what opinion have you as to the comparative value of the robes bought by Robert and those bought from Cunningham?

A. Well, the robes purchased by Robert were most suitable, and were all used all winter, whereas the robes furnished by Cunningham were almost practically useless.

Q. What were the reasons for that?

A. They were thin and small, and the robes purchased by Robert were large, thick, warm robes, large enough for a double sleigh.

Q. And as to wear?

A. Well, as to wear, I do not know as there would be very much difference about

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wearing qualities. I did not test that part of it at all. The robes purchased by Robert had some kind of rubber in between that makes it a very comfortable robe that will stand any kind of bad weather.

Q. I see there are two robes at $11, one at $10 and three at $9—they would probably be the Saskatchewan robes?

A. I think the Saskatchewan robes were the highest priced ones.

Q. The $11 ones?

A. Yes, I think so. I think the $9 were the goatskin.

Q. Well, Robert purchased his robes at $11, one at $10, three at $9 and six at $11, whereas Cunningham charged how much for his?

A. Fifteen dollars.

Q. And you think you are safe in saying those robes purchased by Robert were more serviceable?

A. I think those purchased by Robert in size would be about four feet by five feet, and those by Cunningham about three and a quarter feet by four and a quarter feet.

Q. The former robe being much larger and more serviceable. Now, as to horses, we find from this record that a team of horses was purchased from Cunningham at $400, seven years and eight years of age, fifteen and three-quarter hands high, weight not given, for which he charged $400?

A. Yes.

Q. That is correct, is it?

A. Yes.

Q. And that a team of horses were bought by Robert at $160 each, five years of age; in the case of one horse, weighing 1,165 lbs., 14¾ hands high, and in the case of the other 1,300 lbs., seven years of age, and 16 hands high?

A. Yes.

Q. Would your opinion be that that team of horses at $320 was equally as serviceable, taking these points and what you know of it, as was the team bought for $400 from Cunningham?

A. They were in my opinion worth twenty-five per cent more.

Q. More than the team bought from Cunningham?

A. Yes.

Q. So that, buying from Cunningham, $200 per horse was paid, and Robert, an officer of the government, buying for the government, for the service, got horses equally as good, in your opinion more serviceable, at $160 each?

A. Yes.

Q. Then there was a team of horses bought from Cunningham for $380—we have no record of that—so we will take the team bought for $375. Now, that team bought for $375 were five and six years old, sixteen hands high, no weight given. The team bought by Robert for $350 were 1,225 pounds, nine years old, fifteen and a half hands high. Do you know these two teams?

A. Yes.

Q. What is your opinion as to the relative efficiency of these two teams?

A. There was a difference of fully one-third.

Q. In favour of——

A. In favour of the Robert team.

Q. That was bought for $350, whilst Cunningham's team was $375. With reference to the horse blankets, two pairs at $8—that is, $2 each—were bought by Robert, and Cunningham charged $3 each for his horse blankets. Is that correct?

A. Yes, that is correct.

Q. Now, as to the horse blankets, what was their relative value?

A. Well, I did not examine Mr. Robert's horse blankets much, because it was only in the stable they would use them. Any time I saw his horses they were hitched up at work.

Q. So you would not express an opinion?

A. No.

Q. There is the fact, that one cost $1 a blanket more than the other, and Mr. Robert, I suppose, might be trusted to get good serviceable blankets?

A. To get the best.

Q. Now, do you know what became of section 5 horses after the year's work was over?

A. Yes, they were sold by public tender at Sand Point.

Q. Do you know what they brought?

A. Well, I do not remember, but it is in the accounts or in the records of that section.

Q. I do not find it?

A. It would not show in the accounts, but it would show in the records of the survey, because the tenders all were sent in to me, and I wrote back to report recommending the acceptance of the highest tender.

Q. From your knowledge of it, would you be able to say whether he received more for his horses than was paid by Cunningham for those returned to him?

A. A great deal more.

Q. Then this works out in this way, that when the departmental service was served by its own men in the purchase of horses, sleighs, in robes, in blankets, it was just as well served, and more cheaply served, than when it was handed over to Cunningham as a matter of patronage?

A. Yes, better served.

Q. And that in return after the work was done, after the season, larger returns were in the first instance received than in the second?

A. Yes.

Q. Now, did you inform the department—Mr. St. Laurent, your head—before the Cunningham bill was ultimately paid, of certain transactions that took place between you and Mr. Cunningham?

A. Yes, I kept him fully informed about it.

Q. After all that information, the bill was paid on Mr. St. Laurent's recommendation?

A. No, not on his.

Q. I beg pardon—Mr. St. Laurent reported to the deputy?

A. Mr. St. Laurent has to also sign the accounts after they were approved by me, and then they went over to the deputy's branch or to the accountant's branch, and I think I was asked through Mr St. Laurent, by the deputy, for a report about this matter, and I reported on it.

Q. With your report, I find a letter from Mr. St. Laurent of April 25, 1905. He goes over the matter here, and the letter at one passage says:—

'Not having seen the horses and equipment myself, I cannot give an expression of opinion in the matter. It seems though that it is simply a matter of appreciation as to the value of these horses and other articles supplied between Mr. Rainboth and Mr. Cunningham. I must, however, state that Mr. Rainboth is positive in his statement that Dr. James told him through the telephone that the prices charged for the horses were too high, and that $25 less for each horse would be about right. The certificate given lately by Dr. James to Mr. Cunningham shows that he has changed his opinion, and no great value can be attached to that certificate.'

Then he goes on a little further and says:—

'In view of the solemn declaration given by Mr. Cunningham that his prices are fair and reasonable. Kindly advise me as to what is to be done in the matter.'

And that is addressed to Mr. Lafleur—

A. Yes.

Q.—Who is the chief engineer?

A. Yes.

Q. Mr. St. Laurent reported to his head, the chief engineer?

A. Yes.

Q. Then the account is paid ultimately, paid with the approval of the deputy minister?

A. On the recommendation of the deputy minister and chief engineer, Mr. Lafleur. I think it stated so in the typewritten sheet accompanying the account.

By Mr. Pardee:

Q. Then, who really did the buying of these horses, Mr. Rainboth? You told us you did, I think?

A. Yes.

Q. And as a matter of fact it figures out that you eventually did buy the horses after approving of them?

A. From Mr. Cunningham?

Q. Yes?

A. Yes.

Q. And you bought the horses, cutting Cunningham down $25 per team?

A. Yes.

Q. So that when you tell us that Robert bought better horses at a less price than the department bought them themselves, you are telling us that you don't know much about horses?

A. I don't think I said so.

Q. You bought the horses yourself, you agreed on the price—that's right, isn't it?

A. Agreed with whom?

Q. With Cunningham.

A. I don't think we agreed on the price?

Q. You cut him $25?

A. Yes.

Q. There was more than $25 difference between Robert's and yours?

A. I should have cut it more at the time. I did not want to be small.

Q. So that you did not do your duty to the department?

A. If you like to put it that way.

Q. Then it is your fault and not the department's fault that the horses cost too much?

A. Well, I did cut him down.

Q. How much?

A. The account shows.

Q. Twenty-five dollars?

A. Yes.

Q. And there was more than $25 difference between the price Cunninghom got and the price of the Robert horses—that is what you tell us?

A. Yes.

Q. And still you paid too much for the Cunningham horses?

A. I did not say that. You said that.

Q. You said just now that even after cutting them down you paid too much for the Cunningham horses?

A. I am not admitting what you say——

Q. Then let us get at it in another way. How much were Cunningham's horses worth?

A. Worth all we allowed for them.

Q. How much?

A. Well, I think the accounts are here.

Q. The $400 team, the $350 team, and the $375 team, were cut $25 each by you?

A. $350, $355, $375 and $350.

Q. Yes, they were cut each $25 per team by you?

A. That is what I allowed.

Q. They were cut each $25 per team by you?

A. From Cunningham's account, yes.

Q. And you told us that Robert bought better horses at less money?

A. Yes.

Q. And you told us that you were the man that fixed the price of the horses bought from Cunningham?

A. Yes.

Q. Therefore it was not the department's fault, but it was your fault, if too much money was paid to Cunningham?

A. No, that is not right.

Q. Then whose fault was it?

A. The department paid Cunningham $100 more for the horses than I allowed. Was that my fault?

Q. Well, take off that $100, and there is more difference then than the $100.

A. I might buy a horse here for $150, and it might be worth it, and the next day I might buy as good a horse for $100 because I happened to strike a bargain.

Q. On all the horses he got he got a bargain that you did not get?

A. No.

Q. Not that either?

A. No, because Robert went around the country there and looked at different horses.

Q. Why didn't you?

A. So I did. That is how I knew the value of the horses, but it was from only two or three days looking at them.

Q. Then you took Cunningham's horses and agreed on the price?

A. I allowed him so much for them.

Q. Yes, and according to you that was a fair value for the horses?

A. According to the horses that I had priced in the few days previously—very different prices—partly bargained for, I considered that I was allowing Cunningham a fair price for those horses, what I considered a fair market price.

Q. And you told us in your evidence before that you were used to horses and knew the value of them?

A. Yes.

Q. That is right, that is all I wanted. Then all it comes down to is that you were not as good a judge of horses as you thought you were; if the horses you bought were such a poor lot that is a fair deduction?

A. Well, you can call it a fair deduction if you like.

Q. Then you did go to Cunningham and see horses. And who was with you?

A. Oh, I was there several times.

Q. Were you ever there with Cunningham and Dr. James?

A. Yes.

Q. And was it on that occasion that you looked over the horses and you and Dr. James fixed the price?

A. No.

Q. You are quite certain of that?

A. Positive.

Q. And if Dr. James and Mr. Cunningham say you were, they are wrong and you are right?

A. Yes.

Q. You and Cunningham and James were never at Cunningham's stable and fixed the prices of the horses?

A. Never.

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Q. Where was the price of the horses fixed?

A. I called up Cunningham over the 'phone and I asked him what price he had on those horses, and he gave me the price. There was some delay about filling the order—he was waiting for a horse—and the matter, I think—I would not be certain whether he called me up by 'phone or not when this horse arrived.

Q. And did you inspect the horses?

A. Yes.

Q. Where did you inspect them?

A. In Cunningham's stable.

Q. Who was with you?

A. Well, I was alone on some occasions, and I was there with Dr. James sometimes.

Q. On several occasions?

A. Yes.

Q. How many times would you be there?

A. Oh, well, probably four or five times.

Q. And you were never there except singly with Dr. James and singly with Cunningham?

A. I think so.

Q. Would you be quite sure of that?

A. Singly with Dr. James.

Q. That is, you and Dr. James were alone, you were never there, the three of you?

A. Oh, yes, I never went there but I met Cunningham.

Q. And you and James and Cunningham were there together?

A. Yes.

Q. That is what I understood. And the horses were priced?

A. No.

Q. Never when you three were there?

A. No.

Q. Did Dr. James make an examination of them?

A. Yes.

Q. And prices never mentioned?

A. No.

Q. When Dr. James told you that bay horse was a sound horse, did you say to Cunningham: 'What are you pricing her at?'

A. No, I left the matter with James to examine them for soundness. I don't think I was there.

Q. He examined for soundness and you fixed the price?

Q. As soon as the last horse that we had been waiting for arrived I got the price from Cunningham by 'phone, and I told him he was $25 per team too high.

Q. Too much, yes?

A. Then I called up James and I told James what Cunningham was asking for his horses, and told him what I was allowing him, and he agreed with me.

Q. That they were $25 a team too much?

A. Yes.

Q. He agreed with you?

A. Yes.

Q. That $25 a team too much was being charged?

A. Yes.

Q. This conversation was over the 'phone?

A. Yes.

Q. Then after you had that conversation with Dr. James over the 'phone, did you close the deal with Cunningham?

A. I 'phoned Cunningham and told him I would not allow more than the price I did allow.

Q. Yes, and what did Cunningham say to that?

A. He said they were worth more. I said I did not consider they were worth more.

Q. And then did you say, 'well, send them over'?

A. No.

Q. He did send them?

A. He did.

Q. Without anything further?

A. Without anything further.

Q. As between you and him?

A. Yes.

Q. And you told James you thought Cunningham was charging $25 a team too much?

A. Yes.

Q. You say that James agreed with you?

A. Yes.

Q. You then telephoned Cunningham?

A. Yes.

Q. And told him he was charging $25 too much?

A. I had already told him that.

Q. When did you tell him again?

A. I don't think I told him more than once.

Q. Without further dealings these horses were sent over?

A. Yes.

Q. And the price was fixed like that?

A. Yes.

Q. Cunningham did not say he would not sell at that price?

A. No.

Q. The conversation just stopped when you said over the 'phone, 'Your charge is too high'?

A. I said I would not allow more than that price.

Q. The conversation stopped there and the horses came?

A. The horses were shipped.

Q. You have bought and sold a good many horses?

A. A few.

Q. I think you told us you had done considerable of it?

A. Not considerable; just a few.

Q. Then, with a few, that would strike you as being a funny horse deal wouldn't it?

A. Well, perhaps you might consider it a funny horse deal all through. I acted in good faith all the way through. I kept my superior officer fully informed of every move.

Q. Now, then, it was you who eventually told Cunningham to go out and buy the sleighs, robes, harness and everything else?

A. When Mr. St. Laurent 'phoned me and asked me if I would let Cunningham furnish the horses, I said: 'Yes, I have a lot of other business to attend to. It would leave me more time to look after other things.' And when I met Cunningham I told him: 'You might as well furnish the sleighs, harness and full equipment.'

Q. So that you also gave the order to Cunningham to purchase this stuff?

A. Yes.

Q. Did you tell him at that time, that time was the principal object you had in view and that price did not matter so much?

A. I do not remember particularly——

Q. If Cunningham would say so, would you contradict him?

A. No, I would not contradict him. We wanted the equipment or we would not be buying it. We wanted it then and not a month later.

Q. If Cunningham would say that these were the instructions you gave him, you would not contradict him?

A. No.

Q. So that, all through, Mr. Rainboth, it was a hurried order, getting the things through as soon as possible?

A. It was not very much hurried up in the end.

Q. It was intended to be?

A. When you want a thing you go and buy it. There is no trouble in Ottawa in filling an order like that in 24 hours.

Q. Even with the 24-hour clause, you are telling us that you told Cunningham that if he had to pay more to get the goods, why all right?

A. No.

Q. I think you said you would not contradict him if he said that?

A. You are mistaken.

Q. I am quite certain of the point?

A. I think you will——

Q. Then I will ask you the question again, if Mr. Cunningham says you told him to get these goods quickly, even if it costs a little more, is not Mr. Cunningham swearing to the truth?

A. I never said it.

Q. I am asking if he says so, would you say he was telling that which was not true?

A. Yes, because I never gave him any order that he was to purchase regardless of cost.

Q. I did not ask you that?

A. It amounts to the same thing, that we must have those goods within a certain time even if we have to pay more for them—I did not say that.

Q. You will swear that you never said whether it was to cost a little more he was to buy, to hurry up?

A. Oh, my word is as good as my oath.

Q. I do not say it was not, you never told him that?

A. No.

Q. Mr. Cunningham is absolutely mistaken if he says you did?

A. Yes.

By Mr. Macdonald:

Q. What did you tell Mr. Cunningham about getting them in a hurry?

A. I did not tell him to get them in a hurry.

Q. Did you tell him you needed them in a hurry?

A. No, there was no hurry about it, except that we wanted them.

Q. Did you tell him about the necessity of geting those goods promptly?

A. Yes, certainly, we wanted them promptly.

Q. Did you fix a time at which he should get them?

A. No.

Q. You said you wanted them at once?

A. Yes.

Q. Did you say anything more than that?

A. I may have.

Q. What else did you say?

A. I do not remember everything that was said.

By Mr. Johnston:

Q. You remember some things that were said?

A. I remember some parts, yes.

By Mr. Macdonald:

Q. Some things that you told him with regard to what he was to do in getting them you do not remember?

A. No, I remember everything that was of any importance in connection with the transaction.

Q. It may be what you considered of importance.

A. Anything I think that really was of importance. I was in charge of the work in my district, and I do not think I neglected anything.

Q. Supposing that this committee considered some statement of yours as being of importance that you do not think important, I would like you to tell all that you said, not what you judge important, from your own standpoint?

A. I did not keep a record of everything, of all that was said.

Q. Then, there are some things which you cannot tell us, as to what you said to Mr. Cunningham at that time, which may be of importance?

A. No, there is nothing of importance that I cannot tell you, that I cannot remember.

Q. Nothing that is of importance in your judgment?

A. Important concerning the matter. I went around with Mr. Cunningham, I have already stated, and looked at some of these sleighs.

Q. Yes, but I want to get at how much you are telling us. Are you only telling us what you consider yourself to be important?

A. No, I am telling you everything.

Q. Did you not say a moment ago that you were remembering only certain important things and that is all you are telling?

A. I said there were some words that might have passed between us that I could not remember.

Q. There were some words that may have passed between you, you could not remember; the reason you did not remember them is because you did not consider them important?

A. No, I did not say that.

Q. The words used were in regard to the matter, and you constituted yourself as the judge regarding the importance of it?

A. No, I did not.

Q. Did you or did you not tell me a few moments ago—you did not say that you told us what you considered to be important with regard to that?

A. I want to tell you everything, why should I not tell you everything?

Q. Did you not say to me a few moments ago that you were stating to me and to Mr. Pardee only what you considered to be of importance in relation to your conversations with Cunningham?

A. No, I want to tell you everything.

Q. Did you not say that a moment ago?

A. I did not, I said there was nothing of importance I did not remember.

Q. Well, then, the things that were important were important according to your judgment merely, were they not?

A. Well, it is a question of accounts, is it not?

Q. Never mind, do not get away to accounts.

A. I am speaking to the point.

Q. The things you say you were remembering were the things that you, in your judgment, only considered important?

A. Oh, no.

Q. What do you mean by talking about only remembering important things?

A. I remember everything.

Q. You remember everything that took place, everything that was said?

A. Certainly.

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Q. But you are only telling us the things that you considered important?

A. No, I am telling you everything, I said so before.

Q. Did you not tell me a moment ago that there were only certain things you remember, and those are the important things?

A. No, I remember everything.

Q. And you were mistaken a moment ago when you said you were only remembering important things?

A. No, I did not say that I said I remembered—I did not remember every word that was spoken, but I remembered everything important.

Q. And you remember everything now, and you withdraw what you said about remembering what was important to be remembered?

A. I did not say that, I said everything that was important I remembered. I know myself that I am telling you everything.

Q. Then this little phrase about things being important did not mean anything?

A. You twisted that around.

Q. I cannot twist what a witness gives voluntarily, it is you who are getting twisted.

A. I am not getting twisted. Anything I am giving you is facts.

Q. You made a statement and you said there were important things to remember, and those you remembered?

A. I remembered everything.

By Mr. Pardee:

Q. And with that memory you say you are right and everybody else is wrong?

A. Everybody else?

Q. Everybody else, you are a brave man.

A. Everybody else is wrong, is that your question?

Q. Yes.

A. Well, Mr. St. Laurent was there, and I fully informed him of this transaction the next day, and a short time afterwards I told Mr. Gobeil of the whole transaction. Was I not frank? Did I try to hide anything or spring it on this committee? Everything is open as the day with me.

Q. I have asked you one or two questions, and now I give you notice that there are several witnesses that will contradict you in this evidence. You have told Mr. Macdonald just now that what you swore to you are prepared to swear is right, and those that swear against it are absolutely wrong?

A. Yes.

Q. That is what I want to know. Now, then, there was some talk regarding a coon-skin coat, you and Mr. Cunningham had some conversations regarding a coat, Mr. Rainboth, that is right, is it?

A. Yes.

Q. In what way did you ask him to buy you a coat?

A. I had been looking at coats in the fur line in connection with the robes and other places where they had coats. I wanted to get a coon coat for driving out through the country, and when the order was in Mr. Cunningham's hands I asked him if he bought the robes wholesale. He said 'yes.' I said: 'I would like to get a coon coat, if you can buy me one wholesale and send me the invoice, I will pay you for it.' He said: 'It won't cost you anything.' I said: 'I do not want it at all on those terms, if you will buy me a coat wholesale, send me the invoice for it, and I will pay for it.'

Q. That was after the order was placed in Mr. Cunningham's hands?

A. No, it was about the time it was placed in his hands, when it was placed.

Q. You have told us just now that it was when the order was placed?

A. At the time.

Q. You said 'when.'

A. You are saying that.

Q. No, I did not. 'Well, 'when the order was placed,' then the order had been placed when you gave him the order for the coat, that is plain English?

A. No, it was not.

Q. When the order was placed you spoke to Mr. Cunnnigham about the coat?

A. At the time I gave him the order for the robes.

Q. Was it 'when' or 'at the time.' Tell us that. You said 'when' just now?

A. Does it not means the same thing?

Q. No, it does not.

A I think so.

Q. Had the order been placed or not?

A. At the time, if you want it more definite.

Q. 'Yes' or 'no,' had the order been placed?

A. No, it was at the time I placed the order.

Q. At the time you placed the order, then the order had been placed?

A. No, at the same time.

By the Chairman:

Q. Did you ask for the coat before you placed the order? When you came together with Mr. Cunningham did you say, 'I want a coat,' or did you commence by saying you wanted horses?

A. No, it was at the time we were discussing the furnishing of robes, and I asked him if he bought them wholesale, he said 'yes.'

Q. After you had talked about the coat you went on and ordered some stuff?

A. No, it was all ordered at the same time.

Q. What did you tell him about the coat, that you wanted him to buy a coat wholesale for you for your own purposes?

A. Yes.

Q. Did he do that?

A. No.

Q. What did he do?

A. He sent me up a coat with two boys.

Q. Yes?

A. Some time after.

Q. The order had then surely been placed?

A. Yes, but it was not the invoice of the coat he sent, the invoice from the wholesale,

Q. But the order for the goods had been placed when he sent it to you?

A. Oh, yes.

Q. Then the coat came up and with it the invoice.

A. An invoice made out by himself, but the invoice I referred to was the wholesaler's invoice.

Q. This was the invoice that was produced (exhibit No. .)

A. Yes.

Q. Now, then, according to that invoice, did you figure out what the coat would cost you?

A. I just glanced at it, and saw it was not intended that the coat should cost me anything and I returned it.

Q. How do you figure from that that it was not to cost you anything?

A. In the first place we get $100 in the column for figures?

Q. Yes?

A. Then there is 'less 40 per cent.'

Q. That would make it what?

A. Oh, no, it is not figured out, I just take the invoice as it is.

Q. I am asking you how you figured that out to make the coat cost you nothing?

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A. Well, there is less 40 per cent and less 25 per cent and less 15 per cent, less 15 again and less 3 per cent for spot cash.

Q. Yes?

A. That is 65-95-98 per cent off the 100.

Q. No, it is not.

A. Yes, it is.

Q. No, it is not.

A. Yes, it is.

By Mr. Jackson (Selkirk):

Q. Are you an engineer?

A. Yes.

Q. And do you know how to figure?

A. Yes.

By Mr. Pardee:

Q. You can deduct a discount?

A. I do not know that I can.

Q. What is 40 per cent off $100, how much would that leave you?

A. It would leave $60.

Q. Then take 25 per cent off the $60?

A. But it is not off $60, it is off the $100.

Q. And that is your reading of it?

A. That is my reading of it, yes.

Q. And again, if Mr. Cunningham comes here and shows you that the coat would stand you $32 you would say it was not true.

No answer.

Q. I ask you again, that if Mr. Cunningham comes here, and says that according to that bill that coat would stand you $32, you still say that he is not telling the truth, is that right, Mr. Rainboth?

Q. I am only telling you how I size up that invoice.

Q. You do not know how anybody else would size it up?

A. I think any sensible man would size it up the same way.

Q. If I showed you bills with trade discounts such as that you would not know what it was?

A. I never got a bill with a discount on it that the discount was not worked out.

Q. You never saw a bill with '3 per cent for cash' without its being figured out?

A. Would it not be worked out?

Q. No.

A. It would not?

Q. You never got a bill in all your dealings upon which there was a rate of discount without the discount being carried out? Is that what you said?

A. No.

Q. Then tell us what you did say?

A. The discount applies to the figures in the money column.

Q. Does it not apply—now, then, is it not this way?

A. All these discounts apply to that $100.

Q. And all these discounts must be added together and deducted from the $100?

A. Yes.

Q. That is your reasoning of it?

A. That is the way I take it.

Q. If I showed you bills in the ordinary course of trade with discounts deducted off the results each time, you would say that the merchant does not know what he is doing?

A. Yes he does.

Q. What is he doing? He is not figuring it the same as you do?

A. No, I do not say that. I did not see any other bill.

Q. And you said you had never seen a bill in which that was done?

A. I mean in the amount in that column, that the discount applies to the amount in the money column.

Q. And that this discount does not apply to the amount in that column?

A. It does not apply to the amount in that column.

Q. Well, I do not want to mix you up, but I would like to know what you mean?

A. I have already told you how I figure it.

Q. What you say is you never saw a bill with the discount on it without it was deducted from the figures in the column, is that right?

A. I am speaking of this bill. Did you not ask me a question about this bill. You came over and handed me the bill, and I answered your question.

Q. And I have asked you the question since how you figured it out?

A. I said that the forty and the other percentages all applied to that $100 there.

Q. Certainly. Did you think that they applied in the way of each percentge being deducted from the remainder that was left?

A. No.

Q. You did not?

A. No.

By Mr. Macdonald:

Q. Why did you not think that?

A. It never entered my mind until you discussed it the other day.

Q. Then you just placed an evil construction, from your standpoint, on this bill, without thinking of the good one?

A. I never was thinking evil of Mr. Cunningham, or any one else, when this came in, and when I put that construction on it. I looked at it at once and it struck me like a slap in the face, that it is intended to wipe off the $100 so that I will pass his account.

Q. Were you thinking evil that you thought that?

A. No, I was not, I was thinking of doing my duty and of doing what was right.

Q. You never stopped to think whether these trade discounts were proper and that you would have to pay a reasonable amount of money for it?

A. No.

By Mr. Pardee:

Q. You did not figure this account up, except in the way you have told us, Mr. Rainboth?

A. No.

Q. And you sent the coat back incontinently?

A. I sent it back instantly.

Q. And you told the boys to tell Mr. Cunningham that he was barking up the wrong tree?

A. No.

Q. Or words to that effect?

A. No.

Q. What did you tell them?

A. I told the boys to take them back to Mr. Cunningham and tell him that he had made a mistake, that he sent it to the wrong place.

Q. Well, it is the same thing I said to you?

A. No, it is not the same thing, you would like to put words in my mouth.

Q. You told them to go back to Mr. Cunningham and that he had got the wrong man?

A. No, I did not.

Q. What did you say?

A. That he had sent it to the wrong place.

Q. Did you think he had sent it to the wrong place?

A. Yes, I did.

Q. Then what did you keep the invoice for?

A. I kept it as I kept other papers, I kept all papers that came into my office, I had to file them, it was my duty.

Q. But did you not, Mr. Rainboth——

A. And when I was leaving the office I took my private papers with me, these among them. And here (producing document) is another document on the file with my private papers, if you want to see it.

Q. I do not want to see it.

A. Why did I keep that?

Q. Will you tell me if you always keep bills in your private papers of goods that you never get?

A. I never got a case like that before.

Q. You got the coat?

A. I never got anything like that before.

Q. When you did not keep the coat which the invoice represented, why did you keep the invoice?

A. Do you not think it was wise for me to do so?

Q. Why?

A. In the first place I showed that to the Deputy Minister. Do you not think it was a good idea my keeping it to show to the Deputy Minister?

Q. Why did you show it to the Deputy Minister?

A. I thought I would convince him.

Q. Of what?

A. That there was absolute proof of what I had told him.

Q. What did you tell him?

A. Exactly what I told you here.

Q. That Cunningham was charging too much money for the goods.

A. Yes, I had already reported on the account.

Q. And had stated that Mr. Cunningham was charging too much for his goods and you showed him this invoice to strengthen this assertion?

A. No, I told Mr. Gobiel about Mr. Cunningham sending up a coat with two boys and what I told to the boys.

Q. And who was present when you told him this?

A. Mr. Lafleur was in the office when I told him. I pulled the invoice out of my pocket and I said: 'There is the proof of what I say.'

Q. Listen now, you tell us positively that Mr. Gobeil and Mr. Lafleur were in the office and that you showed them that invoice?

A. Yes.

Q. Now, if Mr. Gobeil and Mr. Lafleur both swear that they never saw it, that you never showed them that invoice are they wrong?

A. Yes, certainly. I told Mr. St. Laurent when I came back about showing Mr. Gobeil the invoice.

By Mr. Macdonald:

Q. You did not show that invoice until about a month after you got the coat, when the question of the certification of the account came up?

A. Well I will answer that this way——

Q. No please give me a direct answer?

A. Allow me to answer that question, I will only answer it in my own way.

Q. I want to know, witness, as to whether or not it was not a month afterward, at least, after you got this invoice, that you showed it to the Deputy Minister?

A. Will you allow me to answer my own way?

Q. 'Yes' or 'no' please?

A. No, not 'yes' or 'no.' I told Mr. St. Laurent at the time the transaction took place about the coat, immediately, then the report was asked for later about the accounts. The accounts came in after the coat transaction, and I thought the matter was over. I though that the accounts would be paid, almost certainly, on the amounts I allowed. Sometime afterwards I was going down to Vaudreuil with Mr. St. Laurent on the train and Mr. St. Laurent told me that they were passing the account at the Deputy Minister's office and that they were allowing Cunningham his prices. I said when I get back to town I am going to see the Deputy and tell him the whole transaction and show him the invoice.

Q. Then it was not only not merely a month, but some months after you got the invoice before you ever said a word to the Deputy Minister about it?

A. Yes.

Q. I quite see that your desire to do things right was so very clear that you kept the invoice and carried it around for two or three months before saying anything about it even to the Deputy Minister.

A. That was the only occasion I was in the Deputy Minister's office during my connection with the service.

Q. Could you not have gone there at any time?

A. Yes, but I dealt directly with my chief, Mr. St. Laurent.

Q. You did not show that invoice for three or four months afterwards?

A. I told Mr. St. Laurent the next day.

By Mr. Bennett:

Q. How long would it be afterwards when you first spoke about it, would it be three or four months or how long?

A. I do not remember the date of the account, but it would be in April I went to the Deputy Minister's office.

Q. Mr. Macdonald has put in your mouth that it was three or four months, he asked the question in that way?

A. I think he did. The account came in in February and it was the following month.

By Mr. Pardee:

Q. You said April just now?

A. Oh, yes, it should be two months.

By Mr. Jackson (Selkirk):

Q. You are not quite sure it would not be three months.

A. No, it was from February to April.

By Mr. Bennett:

Q. Who was the gentleman to whom you showed the account on the trip to Vaudreuil?

A. I did not show him the account; he was my chief and the engineer in charge of the whole survey, and I had to report to Mr. St. Laurent the whole time.

By Mr. Pardee:

Q. This coat was sent then very shortly after the order was placed, Mr. Rainboth?

A. Well, yes, I think so.

Q. Within a day or two?

A. Before the account came up.

Q. And long before the account came up was it not?

A. Not very long.

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Q. It was the next day or two after you had this conversation, was it not?
A. No, I would not think so.
Q. Well, a week?
A. About a week.
Q. Had you seen Mr. Cunningham from the time you had spoken to him about the coat until the coat came to your house, or to your office?
A. Yes, I had seen him two or three times in connection with the horses?
Q. And no conversation had taken place about the coat at those subsequent meetings?
A. No, I do not think so.
Q. Just let me get this straight. You spoke to Mr. Cunningham about getting you a coat and about a week afterward a coat came to your house with this invoice, which you sent back, saying he had sent it to the wrong place?
A. Not to my house.
Q. Well, to your office; then it came to you and you sent it back, saying it had gone to the wrong place. Is that right?
A. Yes, I told the boy to tell him he had made a mistake and sent it to the wrong place.
Q. In the week which intervened between the time you spoke to Mr. Cunningham and the time the coat came to your office, you saw Mr. Cunningham several times in connection with the horses?
A. Oh, perhaps two or three times.
Q. But the matter of the coat was never mentioned?
A. Yes, I think we did talk about the coat.
Q. You said not just now. Can you recollect?
A. I may have talked about the coat to him in the meantime, I am not certain, because we were talking about everything that was connected with the fur line. He may have asked me something about the quality that I wanted in the coat. I said I wanted a first-class coon coat, one that would be worth buying.
Q. Now, then, the story is all true that there was some conversation about the coat during that intervening period?
A. No, I would not say there was. There may have been.
Q. That is as far as you will go?
A. Yes.
Q. Then after the coat came to your house, and you sent it back, was there any further conversation between you and Mr. Cunningham as to the coat?
A. After the coat came to me?
Q. After the coat came to you and you sent it back?
A. I never spoke a word to him to this day.
Q. Did you ever go to Mr. Cunningham's store, or to his place of business, and try on some fur coats?
A. I think I did try on a coat before he sent that one up.
Q. Before he sent that one up?
A. Yes.
Q. Then in the intervening week, you did try on a coat?
A. It may have been at the time we were talking about the coat.
Q. You tried on the coat but you do not know when it was?
A. Well, the whole transaction was within a week, you know.
Q. Are you swearing to that positively now?
A. To which?
Q. That the whole transaction was within a week and that you tried on the coat?
A. I think so.
Q. Will you swear to it?

A. No, I will not swear that it was within a week, but it was within very few days.

Q. If Mr. Cunningham will say that after the coat was sent to you, you did have some conversation about the coat, would you say he is wrong?

A. Certainly he is wrong. I never spoke to Mr. Cunningham from the time he sent that coat to the present moment.

Q. He is wrong. After that you have told us you could not remember or not——

A. I state positively that I never spoke to him from the time he sent that coat down to the present moment.

Q. And you said at first that it could not have occurred, the trying on the coat, during the interval of that week. Then you took that back. Then you said you might have tried it on, but when I put the question that Mr. Cunningham says you tried the coat on after it came back, you say positively it is not so?

A. In the first place, I said I did not remember anything about the coat during the week between whiles, but it was possible I might have talked about the coat. Then you mentioned about trying on the coat, and I remember now about having the coat there trying it on, but that was all during that week before the coat was sent. But from the time the coat was sent up to the present I have never had a word with Mr. Cunningham.

Q. Did you ever speak to him about a coat at Devlin's?

A. I told him I had got a coat from Devlin, but it did not fit me, it did not suit me and I returned it.

Q. Did you tell him there was $160 coat down there you would like?

A. Where?

Q. Down at Devlin's?

A. No.

Q. You never did?

A. No.

Q. That would be untrue, too, if Mr. Cunningham said so?

A. I never saw a $160 coat at Devlin's.

Q. And if Mr. Cunningham said so that would be untrue, too?

A. I think I told Mr. Cunningham that Devlin had a fur-lined coat he wanted to sell me.

Q. Now, then, we are getting this down to some more memory. You did talk about a coat at Devlin's to Cunningham?

A. I said I offered Devlin $300 for the coat last spring. It was a coat he had made for somebody, but he had it on hand, and I said: 'It is a little too fine a coat for what I want.' I wanted a good coon coat for driving.

Q. Did the conversation stop there?

A. I think so.

Q. Mr. Cunningham says——

A. I said I would prefer a good coon coat and I could not get one at Devlin's, that he had not the kind that would suit me.

Q. If Mr. Cunningham says you said you would like that coat at Devlin's, he is wrong again, I suppose, and you are right?

A. No, Mr. Cunningham never said that.

Q. Did you say that?

A. Oh, no, if I liked the coat I could go and get the coat.

Q. But Cunningham was to buy it for you?

A. No, he was to buy a coon coat wholesale. Devlin did not sell them wholesale. I bought a coat from Devlin later.

Q. The same coat you were speaking to Cunningham about?

A. Yes. I am speaking about a fur-lined coat. I bought it afterwards and paid Devlin for the coat.

Q. About this grey mare that you say was unsound; you told us about that, did you not, the other day?

A. I did not cut the price of the grey mare.

Q. No, but you said after you had used her two weeks she was absolutely unsound?

A. I did not say I used her.

Q. I thought you did?

A. No.

Q. What did you say?

A. I purchased a grey mare for Mr. Robert for his own use, he was consumptive and delicate, and I sent the mare up to Mr. Robert for his own use. After Mr. Robert had her two weeks in use he reported her useless.

Q. Did you get that mare from Mr. Cunningham?

A. Yes.

Q. Do you blame Mr. Cunningham for the unsoundness of that mare?

A. No, I said before I did not blame him for that.

Q. So that as far as that is concerned she is wiped off the slate?

A. I did not change the price for the gray mare at all.

By Mr. Brodeur:

Q. You have filed before the committee certificates of A. E. James, who is he?

A. Who is he?

Q. Yes?

A. He is a veterinary surgeon in the city.

Q. Was he employed by the government?

A. No, he was employed by me.

Q. By the department?

A. No, employed by me for the department.

Q. Did the department pay him something for these?

A. Yes.

Q. These certificates were handed to you by Mr. James?

A. Yes.

Q. Are these copies or originals?

A. They are copies that he sent me.

Q. Where are the originals?

A. I suppose he has them.

Q. When were these copies given you?

A. Shortly after the transaction.

Q. By whom?

A. By Dr. James.

Q. Were they given you by Dr. James himself?

A. They may have come by mail.

Q. Where are the originals?

A. I really do not know.

Q. When you bought these horses, I suppose you took certificates, did you not?

A. These are the certificates he sent me.

Q. These are copies?

A. Well, copies of the certificates.

Q. I want to know where the originals are, did you not ask for the originals?

A. I do not think I even asked him for these certificates, these came of his own accord.

Q. Was it long afterward, or at the time the transaction took place?

A. Shortly after.

Q. So these are the only certificates you got from the veterinary surgeon?

A. Yes.

Q. Where did you put these certificates, did you put them with the reports?

A. No, I think I had them in a pigeon-hole in my desk.

Q. Do you not think it would have been better to put them with the accounts or to have put them amongst the official papers of the department?

A. Well, I had them up to the time the horses were sold. Once the horses were sold they were no longer of any use to the service.

Q. Did you think those papers belonged to you or to the department?

A. Well, they were copies, these were.

Q. They were copies, but we have nothing else about these documents, about the quality of the horses.

A. Well, I had them.

Q. You had them?

A. Yes.

Q. That is the only document which was handed to you for the purpose of certifying to the quality of the horses?

A. I did'nt require these, his word alone was enough for me.

Q. At all events, these documents were sent to you?

A. Yes.

Q. You accepted them?

A. The horses had already been bought before I got these.

Q. And they were forming a part of the record that went in?

A. No, no, they were not forming part of the record.

Q. They were not?

A. No.

Q. You did not ask for them?

A. I do not remember, I do not think so.

Q. Did you think these certificates were your property or the property of the department?

A. Well, in fact I did not think either way about it.

Q. Do you think they are the property of the department?

A. I did not consider them of any importance.

Q. Do you think that a paper which is sent to an official should be kept by him when he goes out of office? A paper connected with some purchase which he makes for the department.

A. No, nothing official.

Q. Why then did you take these documents with you when you were leaving, why did you not leave them in the office?

A. Because I did not consider them official.

Q. You did not consider them official?

A. No.

Q. Could they be of some use to you personally?

A. No, the only use they could be to me—I do not suppose they could be of use to me, the question of the soundness of the horses never came up.

Q. It does not make any difference?

A. That is only a certificate as to soundness.

Q. I am asking you whether, as an officer of the department you received some documents from the veterinary surgeon and then when you went out of office you take upon yourself to take away with you those documents. I want to know now why?

A. I do not know, only they just happened to be among the papers I took, because if you will notice I have only one-half of those certificates.

Q. These documents had nothing to do with your own private affairs, but with purchases for the department?

A. I think they just happened to be amongst the papers I took away. I had no intention of taking them, they were of no use to me. You will notice there are only certificates for five horses there?

Q. Why did you take them away?

By Mr. Gervais:

Q. Who paid the veterinary surgeon for the certificates, was it the government or you?

A. The government.

By Mr. Brodeur:

Q. And then you keep the papers?

A. They are only copies.

Q. Those are the only documents you have to certify as to those horses.

A. I do not think that.

By Mr. Pardee:

Q. Did you get any others than those?

A. There may be some others.

Q. Who got them?

A. They will be on file in the survey.

Q. Do you know whether for every horse, or team of horses, that was bought a certificate was given of this kind?

A. No, we bought some that we did not have any certificate for. I did not require a certificate from Mr. Robert about horses.

Q. I am asking about the Cunningham horses?

A. Oh, any horses Dr. James examined from Cunningham he gave a certificate for.

Q. And the department paid him for that certificate?

A. For examining the horses.

Q. And you kept the vouchers given by him?

A. No, these are only copies.

Q. Where are the originals?

A. I do not know.

Q. Did you go to Mr. James and ask him for these copies?

A. No.

Q. How did he come to give them to you?

A. I think he sent them by mail.

Q. And you thought they were originals?

A. No, I did not think that. Why would I think they were originals when they were marked ' (Sgd.).'

Q. And you thought the originals had been sent to the department.

A. They may have been.

Q. You have bought horses for the department before?

A. No.

Q. You never have?

A. No.

Q. It was your first experience?

A. Yes.

Q. Have you had any trouble with the department?

A. No.

Q. There had not been any friction between you and some other engineer?

A. Not the slightest.

By Mr. Bennett:

Q. Did this Dr. James make a verbal report to you of the soundness or unsoundness of these horses?

A. Yes, we would discuss it quite freely.

Q. And on the verbal report made to you the horses had been purchased?

A. Yes.

Q. And at the time these reports were sent to you, how were they sent, by mail?
A. Yes.
Q. And at that time the horses had been received?
A. And shipped away.

By the Chairman:

Q. The committee would like to be clear about these papers. Are these copies, or whatever you call them
A. I call them copies.
Q. Are these the only documents which you received from Dr. James, as an official of the department, these were the only papers that you got from him?
A. The only papers.
Q. You did not get any others?
A. Well, I would not like to say that, because anything at all we got were filed away.

By Mr. Brodeur:

Q. Except these?
A. Yes.
Q. Which were not filed?
A. These were not filed.
Q. You kept them yourself?
A. No, I had not any use for them, they happened to be among my papers which I took away, and if you will notice there are only certificates for five horses here and we had nine horses purchased.

By Mr. Bennett:

Q. If there had been any value in them to you, you would have taken them all, of course?
A. Yes, to me personally. The horse papers were kept a little separate from the others, they were laid on the top of the desk on the top of the cabinet, because we were a little crowded for room, and I think that is how these came to be in a pigeon hole in my desk.

By Mr. Brodeur:

Q. At the same time they were documents which were connected with a purchase for the department, and you thought it was right to take these documents away with you when you left the office?
A. No, I did not. As I explained before, they happened to be among some papers and I did not know they were there.
Q. When you discovered that these documents were not connected with anything personal to you, why did you not return them to those to whom they belonged?
A. Because I considered they were of no value, they were only certificates.
Q. Why did you keep them to produce before the committee?
A. They are of no value here. They are only certificates as to prices. The question as to soundness never came up.

By Mr. Gervais:

Q. The question of soundness came up last week?
A. No.
Q. Oh, yes?
A. In connection with the grey mare?
Q. Yes?

A. Well, I said before that I never blamed Mr. Cunningham for the unsoundness of that very mare, that she was patched up, and it was quite possible that Mr. Cunningham was fooled over her as we were.

By Mr. Foster:

Q. You bought these horses, but before you carried out the bargain you required Mr. James to examine and cetify to them?

A. Yes.

Q. You got his certificate?

A. Yes.

Mr. BRODEUR.—No. He did not say that.

By Mr. Foster:

Q. You said that verbally over the 'phone you got his statement that they were all right.

A. Yes, and he spoke to me personally.

Q. Phoned and spoke to you?

A. Yes.

Q. And then you finished the transaction?

A. Yes.

Q. These are copies that came to you through the mail?

A. Yes.

Q. Presumably from Dr. James?

A. Yes.

Q. Can you tell us whether they would be of any benefit to you to take away surreptitiously if they were not your documents?

A. Not of the slightest benefit.

Q. They are all favourable to the horses?

A. Yes.

Q. They could not be used against Mr. Cunningham nor any one else in the transaction?

A. No.

Q. They would be absolutely of no use to you to get a case against anybody would they?

A. No use in the world.

By Mr. Zimmerman:

Q. I understand that the government told you to purchase the horses?

A. Yes.

Q. Then you communicated with Dr. James yourself to examine the horses.

A. Yes.

Q. When the responsibility was thrown upon you to purchase those horses do you not think it was your duty in sending an account in to the government to forward at the same time these certificates to show that as far as you were concerned the purchase was perfectly straight?

A. No I did not need the certificates at all. Had I gone on and purchased the horses I would have accepted Dr. James' word alone as to their soundness, the same as I did in the case of the horses for Mr. Robert's section.

Q. You were not paying for the horses but the government was, and your responsibility did not end until you produced to it the fullest evidence that the horses were all right?

A. I had to buy horses for section 5 and I told Mr. Robert in charge of that section, to purchase the horses himself and when I approved of the account that ended the matter. There was no survey work in that or anything else.

Q. It is an extraordinary thing. You were detailed to purchase horses for the government and you engaged the veterinary yourself to satisfy yourself and the government——

A. No, satisfy myself.

Q. And the government?

A. No.

Q. You were acting for the government, you are thinking too much of yourself?

A. Oh, no, I am not thinking of myself at all.

Q. You want to consider the people a bit?

A. The government never instructed me to employ a veterinary.

Q. Well, naturally you would do that, would you not?

A. No, not naturally.

Q. You would not go and by horses, you knew nothing, unless you were accompanied by an expert.

A. I have.

Q. You have?

A. Yes.

Q. You have a great deal of confidence in yourself?

A. No, it is not that, but if I was buying for myself——

Q. A shrewd man, to complete that transaction, would have said: 'Gentlemen, there is the account for the horses, and there is the certificate of their being perfect'?

A. Well, I have bought horses.

By Mr. Foster:

Q. You received instructions at first to make these purchases yourself?

A. Yes.

Q. Afterwards when you had for two or three days been looking around, you received an intimation that the purchase of horses should be handed over to Mr. Cunningham.

A. I got a 'phone message from Mr. St. Laurent. He called me up by 'phone from his office in the western block and he said: 'Mr. Cunningham is in my office now, and he says he has three horses left over after furnishing the Montreal district.' He said: 'Cannot you let Mr. Cunningham furnish the horses which you require?' I said: 'Very well.'

Q. When you received that message from Mr. St. Laurent did you think then that you were not any longer to go out and purchase the horses yourself, but you were to let Mr. Cunningham supply them and you would examine them?

A. Yes.

Q. And with reference to the rest of the accountrements, was it your impression, or did you think, that Mr. St. Laurent wanted you to let Mr. Cunningham buy the rest of the horses and sleighs that were purchased?

A. Yes, I think so, because he had spoken of the other equipment in the Montreal district.

By Mr. Macdonald:

Q. Did Mr. St. Laurent say one word to you about Mr. Cunningham furnishing anything but the horses?

A. I do not think so, I think he only mentioned horses.

Q. He used no language that would indicate to you the idea that you had to do anything with Mr. Cunningham except in regard to the horses?

A. The horses I think were the only things that were spoken of.

Q. Are you quite sure the horses were the only things spoken of? You have no doubt about it?

A. I have said so.

Q. You say so?

A. Yes.

Q. Well, then, in response to Mr. Foster. Mr. Foster suggested that you inferred that you were to buy these other things from Mr. Cunnigham. How did you draw that inference?

A. Well the horses were in use with the other equipment.

Q. Was that any reason why you should buy the other equipment necessary?

A. Well, I would not think of buying one without the other.

Q. Do you mean to say, Mr. Rainboth, that the man who sells horses is also the man from whom you must purchase other things.

A. Oh, no. In connection with this transaction we wanted horses and sleighs and a full equipment.

Q. Certainly, that is right?

A. And the horses were the principal need of it.

Q. The principal need of it. But there was nothing said to you by anybody in the department about getting the horses from Mr. Cunningham?

A. That is all.

Q. That is all?

A. Yes.

Q. And it was of your own free will that you went to him to purchase the other things?

A. I have said so already.

Q. And you could have gone to any other person than Mr. Cunningham, as far as your instructions were concerned, to purchase these other goods?

A. Or the horses either. I was not ordered to buy from Mr. Cunningham, but Mr. St. Laurent asked me if I could not let Mr. Cunningham purchase the horses.

By Mr. Foster:

Q. You knew that Mr. Cunningham had furnished both the horses and equipment for the Montreal district?

A. Yes.

By Mr. Brodeur:

Q. You spoke of some experience you had with regard to the purchase of horses. Would you please be kind enough to tell the committee how many horses you purchased before this?

A. Well, it would be pretty hard for me to remember, but on one occasion I had a veterinary with me and I bought a horse for my own use and paid $200, and I was badly taken in on the horse.

Q. How many did you buy?

A. You see that was the only occasion where I employed a veterinary surgeon.

Q. But what we want to know is the number you bought?

A. On another occasion I bought horses on my own examination and my own opinion as to their value.

Q. How many horses did you ever buy?

A. I would say between 50 and 100.

Q. Between 50 and 100?

A. Yes, for my own use.

Q. For your own use?

A. Yes.

Dr. A. E. JAMES called and sworn, and examined

By Mr. Pardee:

Q. You are a veterinary surgeon, Dr. James?

A. Yes, sir.

Q. Of how many years experience?

A. 18 years.

Q. You recollect these Cunningham horses?

A. Yes.

Q. Do you recollect seeing Mr. Rainboth regarding these horses or him seeing you?

A. Yes.

Q. What are the circumstances? Just tell use shortly.

A. Mr. Rainboth came to my office and told me that he had to buy some horses for the Georgian Bay Canal survey, and he wished to place the purchase of these horses in my hands.

Q. Yes, then what took place?

A. At the time, I think, or shortly afterwards, he either 'phoned me or at the time he was speaking to me, told me there were some horses in Cunningham's stable and that if they were suitable he would like me to go and examine them and he would take them providing the price was right.

Q. Provided you could agree that the price was right? And what did you do?

A. I went down to Cunningham's stables.

Objection raised that Mr. Pardee had incorrectly repeated the witness' answer.

Q. Tell us that over again. Did you say that you agreed to take the horses provided the price was right?

A. In examining a horse the veterinary surgeon, as a rule, prices the value.

Q. What did Rainboth tell you when you went down? Just tell us again, Dr. James?

A. He told me there were some horses in Cunningham's stable that he would like me to have a look at, and if they were all right and the price was right they would be taken.

By the Chairman:

Q. Taken for what?

A. That they would be accepted.

By Mr. Pardee:

Q. That was all I said?

A. I understood Mr. Rainboth, from the way he spoke, to wish me to buy these horses myself, and not merely to inspect them.

By Mr. Stockton:

Q. You had better give the exact language he used?

A. I could not tell the exact words, but the impression he gave me was that he wished me to do the purchasing of the horses—not only to act as veterinary surgeon to see that the horses were sound, but also to act as buyer and buy these horses.

By Mr. Pardee:

Q. Then did you go down to the Cunningham barn?

A. I went to the Cunningham barn.

Q. And who did you see there?

A. I saw Cunningham.

Q. And did you examine some horses?

A. I went in and looked at six horses and Cunningham told me that those horses had already been sold to the Georgian Bay Canal survey.

Q. That they had already been sold to the Georgian Bay Canal survey?

A. Yes, and had been inspected by a veterinary surgeon.

Q. They had been inspected by a veterinary surgeon?

A. Yes.

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By Mr. Foster:

Q. Do you remember the surgeon's name?

A. No, sir, I do not remember it.

By Mr. Pardee:

Q. What did you say to that?

A. I immediately went back to Rainboth and asked him if he wished me to buy the horses, or only to make an examination as a veterinary surgeon.

Q. And he said what?

A. He said he wished me to purchase the horses irrespective of who owned them or where they came from.

Q. What did you do? Did you go back to Cunningham's stable?

A. Not at once. I went round to different stables and to different farmers and looked at different horses, but I could not come across very many of the class of horses Mr. Rainboth specified he wished to get.

Q. Did you go and tell Mr. Rainboth?

A. Yes, I reported to Mr. Rainboth.

Q. What did he say?

A. And we went down together to Mr. Cunningham's stable, Mr. Rainboth and I.

Q. You and Mr. Rainboth went to Cunningham's stable. Who was there?

A. Mr. Cunningham.

Q. Cunningham was there in the barn?

A. Yes.

Q. And what took place?

A. I examined these horses as to soundness. I had them exercised and driven. I do not think Mr. Rainboth was with me all the time I was testing them as to soundness by driving, but after I inspected them Mr. Rainboth was down with me again.

Q. Was Cunningham there at that time?

A. Yes. And the prices were agreed upon to the best of my knowledge and belief at that time.

Q. That was the second time?

A. Yes. There were six horses in the barn at the time.

Q. When you went down a second time?

A. Yes.

Q. Did Cunningham price the horses to you?

A. Yes.

Q. At that time?

A. Yes.

Q. Was there some haggling about the price?

A. There was some discussion, I do not think there was any particular haggling.

Q. Some discussion, perhaps, is a better way to put it. You recollect that Cunningham put the price at higher figures than you could allow?

A. I could not tell positively. I know there was a price put up by Cunningham which was not accepted by Rainboth.

Q. You know there was a price put up by Cunningham which was not accepted by Rainboth?

A. Yes.

Q. And then you and Rainboth left, did you? Or did you accept the horses that day?

A. I am not positive whether the prices were then agreed upon or not.

Q. You are not positive about that? You have heard Mr. Rainboth state that the price was telephoned about, and he said that he could not give Cunningham by $25 what he wanted for the pairs of horses. Would that help you in remembering to say whether any price was fixed that day or not?

A. I cannot say as to that positively.
Q. You will not say as to that positively.
A. No.
Q. The price was docked?
A. The price was docked, but it always is in a case of that sort.
Q. You knew what these horses were to be used for?
A. Yes.
Q. In your opinion were the prices that were paid right for this class of horse?
A. While I considered they were paying all the horses were worth, I did not consider they were paying an exhorbitant figure for them.
Q. Would the price at that particular season be a little higher than at other times of the year? Or how is the horse market at that time?
A. The horse market as a rule is dull at that time of the year.
Q. Do you consider that for the class of horse he was getting the prices were fair?
A. I think so.
Q. You so certified?
A. I did.
Q. And you are still of the same opinion?
A. Yes.
Q. These horses were to be used as woods horses and that sort of work were they not?
A. They were to be good general purpose horses, active and of sufficient weight to pull a load. Good general purpose horses is what we were instructed to get.
Q. Does a horse of that kind deteriorate by reason of that kind of work in the winter so that it would likely be a cheaper horse in the spring?
A. The work is a great deal the same as shanty work, lumbering work is.
Q. It is pretty rough work?
A. Yes.
Q. And horses as a rule have deteriorated when they come out?
A. Yes, certainly.

By Mr. Stockton:

Q. That would depend upon the usage?
A. Yes, certainly.

By Mr. Pardee:

Q. The woods' horses, as a rule, do not come out in the spring as good as when they went in the fall?
A. It depends upon the men who are driving them and the care they get.

By Mr. Foster:

Q. These (exhibiting documents) are the certificates that Mr. Rainboth has shown?
A. Yes.
Q. And are those as given by you?
A. I think so, yes.
Q. I will read you one of your certificates (reads):—

'This is to certify that I have this 8th day of January, 1905, examined a bay gelding, six years old, off, and about 16 hands high, with the following marks, viz., star on forehead. Above described gelding said to be the property of Mr. Walter Cunningham and about to be purchased by the Georgian Bay Ship Canal.

'I consider the said gelding to be sound.

'(Sgd.) A. E. JAMES, V.S.'

Then there is a remark 'above gelding has a soft swelling on the outside of each hind leg below hock, which although a blemish, does not in my opinion injure the horse.

That is signed again by you or rather has your initials. Then there are other certificates reading as follows:—

'I hereby certify that I have this thirteenth day of December, 1904, examined a grey mare, six years old, off, 16 hands high, no marks, said to belong to Mr. Walter Cunningham and about to be purchased by the Georgian Bay Ship Canal.

'I consider said mare to be sound.

(Sgd.) A. E. JAMES, V.S.,
Ont.'

'This is to certify that I have this seventh day of January, 1905, examined a bay mare, 7 years old, off, about 15·3 hands high, with following marks, viz., white snip on nose and star on forehead.

'Above described mare said to be the property of Mr. Walter Cunningham, and about to be purchased by the Georgian Bay Ship Canal.

'I consider said mare to be sound.

(Sgd.) A. E. JAMES, V.S.,
Ont.'

'Remarks.—Mare interferes behind, due to faulty shoeing.

A. E. J.'

'This is to certify that I have this seventh day of January, 1905, examined a bay mare of eight years old, off, about 15·3 hands high, with following marks, viz., star on forehead, and both hind fetlocks white.

'Above decribed mare said to be the property of Mr. Walter Cunningham and about to be purchased by the Georgian Bay Ship Canal.

'I consider said mare to be sound.

(Sgd.) A. E. JAMES, V.S.,
Ont.'

'I hereby certify that I have, this thirtieth day of December, 1904, examined a chestnut mare, five years old, off, 16 hands high, with following marks, viz.: White strip on face, both fore fetlocks and nigh hind fetlock white.

'Said to belong to Mr. Walter Cunningham, and about to be purchased by the Georgian Bay Ship Canal.

'I consider said mare to be sound.

(Signed) A. E. JAMES,
'V.S., Ont.

'Remarks: This mare has a cold, with a cough and slight nasal discharge. She also has windgalls, but I do not consider them injurious. A. E. J.'

Now, you said nothing in these certificates as to price?

Mr. FOSTER.—Those, I think, are copies of the original certificates. If I were to examine——

Q. You can take them all and you will not find any mention as to prices?

A. What I was going to say was, I think in the original certificate every certificate had the prices agreed upon. Whether Mr. Rainboth did or not, I think I agreed upon, as to the prices.

Q. This is a copy of what?

A. A copy of the certificate as to soundness.

Q. As to soundness. Did you make out two certificates?

A. I think I sent one in to the department at the time I forwarded my account for services rendered.

Q. Of which this is a copy?

A. Of which these are copies, yes.

Q. Then, if you sent in to the department your certificates, of which these are copies, they do not, any of them, certify as to prices?

A. No. After making out a certificate as to soundness, we do not certify as to the price. It is just optional whether I add the price or not.

Q. Well, if at the time of writing out that certificate you had agreed upon the prices——

A. Yes.

Q.—why would you say with reference to these horses that they were 'about to be purchased'?

A. That is the form of the certificate.

Q. And give nothing as to price?

A. That is the form of certificate that is usually followed in making out a certificate of soundness by a veterinary surgeon.

Q. As a matter of fact, you do not certify as to prices in these certificates?

A. No, it does not certify as to prices.

By Mr. Pardee:

Q. Do you recollect if you sent these certificates to Rainboth?

A. I think I mailed them to Mr. Rainboth.

Q. At his request?

A. It must have been, because I never make out copies otherwise.

Q. Then, do you know as to these horses that were bought back by Cuninngham in the spring?

A. No, sir.

Q. You do not?

A. I know nothing about it.

By Mr. Brodeur:

Q. You say that these certificates which have been filed by Mr. Rainboth, were not complete copies of the certificates that you had delivered, or that you had sent, to the department?

A. I do not think the price was added to the copies. Outside of that they are exact copies.

Q. Exact copies?

A. Yes, sir.

Q. You say they were sent by you to Rainboth at his request?

A. They must have been, as I never make out copies unless they are asked for.

Q. This is your writing?

A. Yes.

By Mr. Stockton:

Q. And that is the only reason why you say it must have been because you do not think you would have sent them otherwise?

A. I never go to that trouble unless they are asked for.

Q. You have no memory about it?

A. No.

Q. But you have memory that you sent the originals to the department?

A. I do not say that positively, but I think I did.

By Mr. Brodeur:

Q. Were those certificates sent long after the transaction took place?

A. No, sir, because I always forward my account for services rendered, as soon as the services are completed.

By Mr. Zimmerman:

Q. Mr. Rainboth never told you the reason why he wanted these copies?

A. No, sir, I do not think so.

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By Mr. Stockton:

Q. Do you remember now having put any price on any certificate you sent?
A. That is just my opinion, that I did.
Q. But you have no memory about it?
A. I am not positive, no, sir.

By Mr. Taylor:

Q. Mr. Cunningham says he sent a coat up to Mr. Rainboth. Did he send a coat or anything else to your house?
A. No, sir.
Q. With an invoice.
A. No, sir.
Q. Discounted largely?
A. No.
Q. Did he give you credit on your account? Were you dealing with him at the time?
A. Very little. Occasionally I did get some goods there.
Q. Did he send any account receipted without being paid?
A. No, sir. I had a counter claim against him for veterinary services which was more than his own account.
Q. Then you got no present of any kind from Mr. Cunningham?
A. No, sir.

Mr. WALTER CUNNINGHAM recalled and further examined.

Q. I want you to tell us as shortly as you can what took place regarding the buying and selling of these horses as between you and Rainboth and Dr. James?
A. The same as Dr. James said. Dr. James and Mr. Rainboth came down and examined those horses and they were suitable and they purchased them.
Q. Did Dr. James come first and then he and Rainboth come afterwards?
A. I think Dr. James did come first.
Q. Did he and Rainboth come after?
A. Yes.
Q. Were he and Rainboth in the stable looking at these horses at the same time?
A. Yes.
Q. They were?
A. Yes.
Q. You are sure they were there together.
A. Yes.
Q. More than once?
A. Oh, I think so.
Q. You think they were?
A. Yes.
Q. Twice?
A. Oh, yes, I think so.
Q. You think they were there twice? and at the time you three were there together was the price talked of?
A. The price was certified to. Yes the price was arranged between the three of us. I would not have allowed my horses to go without the price being arranged.
Q. Rainboth asked you the price of the horses?
A. I put the prices higher first and then they were cut down some.
Q. What was the price you first put?
A. I wanted $400 a pair for them.

Q. You wanted $400 a pair?

A. That was the price put on them and they cut it down.

Q. Who objected to the price?

A. I think Mr. Rainboth and the doctor did.

Q. And the prices finally came to what you have charged in your bill?

A. Yes, the prices rendered.

Q. They told you they would not pay that much and that you must cut it down? To what?

A. The amount that I billed the government for.

Q. On that basis were the horses bought?

A. The horses were bought, yes.

Q. Mr. Rainboth says he practically closed the terms. You recollect his calling you up by telephone?

A. No, I cannot.

Q. He says he called you up by 'phone and told you that these horses were priced 25 dollars too high per pair?

A. I never got any knowledge of a $25 being taken off until I got my cheque from the government.

Q. Until you got your cheque from the government?

A. Yes.

Q. And that was how long after the horses were shipped?

A. I could not say.

Q. Would it be one month or two months?

A. One month I suppose. It would be about one month.

Q. And that was the first you knew that there was any deduction made?

A. That was the first.

Q. And when you found that deduction was made you kicked?

A. I kicked, yes.

Q. Did you go to the department?

A. I went to the department, yes.

Q. Who did you see?

A. Well, I forget who I did see. I went to the Public Works office.

Q. And you had a conversation there about horses?

A. Yes.

Q. What was the upshot of the transaction between you and the department relative to the amount that was deducted or what you might possibly call demurrage?

A. The final outcome was that I went to see Dr. James, I think, and he told me that I should not take any less, that he thought all the horses were worth the amount I billed them for, and I told the department that unless I got my bills paid I would sue them, and then I got a cheque for the value of the horses.

Q. Then as to the balance of these goods, which seem to have been bought by you, did you get your instructions to buy them from Mr. Rainboth?

A. Yes, I got my instructions from him.

Q. What were his instructions?

A. To purchase these things in a hurry, he wanted them in a hurry.

Q. Did he say anything about the price?

A. No, I do not think so. He merely said the price was not an object, he wanted these things in a hurry—something to that effect.

Q. That he wanted these things in a hurry?

A. Yes.

Q. You swear to that positively?

A. Yes.

Q. Where did you order them?

A. Well, I had to get the sleighs arranged. Some of the sleighs were not suit-

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able and we had to get them reconstructed to suit his work. I had to get men to work on them day and night.

Q. That had the effect of doing what?

A. Of increasing the price of the sleighs.

Q. That had the effect of increasing the price of the sleighs. Then as to the horses and sleighs we have disposed of that, at least you think the sleighs were sold at a fair value?

A. I think so, yes.

Q. You think they were?

A. Yes.

Q. Did you make an ordinary profit on them only?

A. Yes, I thought so. Taking them all through, I made a very ordinary profit.

Q. You think you made only an ordinary profit. As to the harness, blankets, and so on, of which you have spoken here, were they put in at ordinary prices?

A. Yes.

Q. They were?

A. You can buy blankets all the way from 50 cents to $10 and $25.

Q. You bought at $28?

A. Yes, I bought at the wholesale price. That was the price I paid for all these blankets.

Q. Those brushes, curry combs, were put in at the ordinary price and then were cut down?

A. Yes.

Q. What class of robes did you supply to the department?

A. Well, I think there are three different classes, sir. There are some robes the invoices for which you asked me for. They are there.

Q. Well, as to all of the robes, you think they were fair, good wearing robes?

A. Yes, first-class robes.

Q. Do you know what you paid for them?

A. I paid $12.50 for some of them.

Q. What did you pay for the others, do you recollect?

A. They run from $8.25 to $12.50.

Q. $8.25 to $12.50?

A. Yes.

Q. And for the others you paid $12.50?

A. Yes.

Q. And you put them in at $15?

A. $15, yes.

Q. Were they extra good robes?

A. Oh, yes, they were very good robes.

Q. Do you know whether it was a kind of bargain counter robe which had been cut down in price?

A. I think the robes I paid $8.25 for were bargain robes. I bought them cheap. I think I bought them under value.

Q. Then as to the coat. What conversations took place between you and Mr. Rainboth about that.

A. Well, Mr. Rainboth asked me to get him a coat and I got a coat for him.

Q. What did he say? Go on and tell us?

A. I sent it to his office and he sent it back, stating he did not like it, or it was not nice enough, or some remark like that. I got other coats for him.

Q. You bought him a coat, did you say it was a single coat?

A. A single coat, yes.

Q. Did you send it to his house?

A. No, to his office.

Q. And with that coat did you send this invoice?
A. I sent that invoice.
Q. Is that the invoice you sent with the coat (producing invoice)?
A. That is the invoice I sent with the coat.
Q. And you sent that where?
A. I sent it to his office in the Corry block, I think.
Q. Was that coat returned?
A. Yes.
Q. What does that invoice mean
A. It is easy to read that.
Q. What did you mean by that?
A. (Reads.) Deduct '40 per cent, less 25 per cent, less 15 per cent, less 15 per cent, 3 per cent spot cash.' I think there is some mistake in that other 15 per cent.
Q. You think you were too liberal there?
A. Too liberal.
Q. And as a matter of fact you only intended one 15 per cent instead of two?
A. Yes.
Q. What did you figure the coat would cost Rainboth with these deductions made?
A. Well, with those reductions there I figured it to cost $32.
Q. That is what the coat would cost Rainboth?
A. Yes.
Q. And that is what you intended?
A. That is what I intended.
Q. Then that coat was returned?
A. That coat was returned.
Q. Did you hear any word at all from Rainboth?
A. Nothing more than he did not like it. It was not suitable and he did not like the coat.
Q. Who told you that, the boy?
A. Himself.
Q. When did you see him again after the coat was returned.
A. On several different occasions.
Q. Was the coat discussed?
A. He came to my office and tried on coats several times after that.
Q. He tried on coats several times after this coat with the invoice was sent up and returned?
A. Yes.
Q. That is right is it?
A. Yes.
Q. Did you have some coats at your place for him to try on?
A. I had coats from different stores and he came down to my office and tried them on.
Q. Was anything said about this invoice?
A. It was never mentioned. I knew nothing whatever about the invoice until I heard it here in the evidence.
Q. You made out the invoice, but had forgotten about it and never remembered until it came out here?
A. That is right.
Q. And you swear positively that Rainboth did come to your office and try on coats in your shop?
A. Oh, yes, I am positive of it.
Q. Did he get a coat from you?
A. No.
Q. Did anything else take place?

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A. He told me he was looking at a coat in Devlin's, but it was an expensive coat and he would not buy it.

Q. Did he mention the price?

A. I understood the value of the coat was $165.

Q. Where did you get that from.

A. I did not get it.

Q. Did you take him to mean you were to see what you could do?

A. I might take a lot of meanings out of that.

Q. I see. Then since that time or from the time you sent the coat you heard nothing that Rainboth thought this was buying him or anything of that kind?

A. No.

Q. Not a word?

A. No.

Q. And he later on came to you for furs?

A. Yes, it is proved, I have a man here to prove it.

Q. Do you recollect the date that Rainboth gave you the order for the goods?

A. I do not remember right off hand, but it was in January or around there.

Q. Had the order been placed when the coat was spoken about?

A. Yes, the order was placed.

Q. The order had been placed when the coat was spoken about?

A. Yes, that was the first thing he did, to place the order with me when he came down.

Q. And after that order was placed he spoke to you about the coat?

A. Yes.

By Mr. Stockton:

Q. I suppose it was on the same occasion or was it on a different date?

A. The first time he came down he gave me the order any way, and that is about the time he asked me about the coat.

Q. That was the occasion on which he spoke about the coat?

A. About that time, yes.

By Mr. Foster:

Q. How many sleighs did you buy.

A. I don't remember, they are in the bill there, Mr. Foster.

Q. This bill says you bought four double sleighs?

A. Yes, sir.

Q. $300. From whom did you buy those sleighs?

A. I bought two from a man named Halliday, and two from a man on St. Patrick Street, named Dorion, I think.

Q. You bought two from a man named Halliday?

A. Yes.

Q. On what street?

A. Besserer.

Q. Have you the invoice or bill?

A. I did have it.

Q. How much did you pay for them?

A. I paid, I think, Halliday $81 or $82, something like that.

Q. Have you a bill, an invoice, an account, or anything at all to show the transaction?

A. I can show you the cheque I paid for it. I have the bill, yes.

Q. You were told to come here with all your bills?

A. I gave the bill to you, Mr. Pardee.

Q. I want Halliday's account for the two sleighs?

A. I am positive you have got it, Mr. Pardee. You remember seeing the account?

Mr. PARDEE.—Yes, you showed me the invoice and took it away.

The WITNESS.—I had the vouchers, cheques, and all. I was sure I gave them to you.

By Mr. Foster:

Q. Where is your cheque, if you paid it by cheque?

A. I paid it by cheque.

Q. Where is your cheque book?

A. I gave the vouchers to you, Mr. Pardee. They were pinned to the bill, Mr. Foster. I certainly thought Mr. Pardee saw the bill with the cheque attached to it.

Mr. PARDEE.—Yes, I did.

By Mr. Foster:

Q. This committee owes a great deal to Mr. Pardee, but I want to see the bill.

A. The cheque was attached to the bill.

Q. Where is the bill?

A. I gave it to Mr. Pardee, sure. I have not got it.

Q. Will you swear you gave them to Mr. Pardee?

A. He says he had them in his hand.

Mr. FOSTER.—He says he gave them to you.

Mr. PARDEE.—He showed them to me, but he took them back again.

By the Chairman:

Q. They must be in your office?

A. They must be in my office.

By Mr. Foster:

Q. These documents are not here, and we have been waiting for you to produce them. If we send you away——

A. You will never see me again.

Q. Who did you buy the other two sleighs from?

A. Dorion, I think. It is on the bill. He lives on St. Patrick street, just below——

Q. Have you the bills here?

A. I had the bills and the cheques were atached to them. I can give you the price if you wish.

Q. Give me the names of the men?

Witness writes the names on a sheet of paper and hands it to Mr. Foster.

Q. You bought two of them from George Halliday, Besserer street, and two from——

A. Dorion, I think he is on St. Patrick street.

Q. What did you pay Dorion?

A. I think I paid them both the same price.

Q. How much?

A. $81. I think it was, or $82. I had to give one $82 and one $81.

Q. Where did you buy the robes?

A. I bought some from Duford, on Rideau street?

Q. Duford?

A. Yes, and some from Borbridge, on Rideau street, and I had some in stock.

Q. Have you the bill of those?

A. I had the bill of those, too.

Q. Where did you buy the harness?

A. I bought some from Borbridge and some I had in stock.

Q. Have you the bill of the goods you bought from Borbridge?

A. I had the bill there.

Q. How much did you pay Borbridge for the harness?

A. I cannot just recall that.

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Q. Then you have not that bill?

A. No, sir.

Mr. PARDEE.—The harness bills were not receipted. I told you to get them receipted.

By Mr. Foster:

Q. What are we to think of all this?

A. I produced the cheques and all the bills. There must be some mistake on my part.

Mr. FOSTER.—You know quite well you were asking Mr. Pardee to act for you in this matter before the committee, but it is the committee that is examining you and desiring to get those bills. Do you think you did your duty when you gave them to your attorney?

Mr. PARDEE.—He did not give them to me, he showed them to me.

The WITNESS.—I did not give them to him.

By Mr. Foster:

Q. You said a while ago that you gave them to him?

A. To look at.

Q. The rest of the harness you said you had in stock?

A. Part of the harness I had in stock, yes.

Mr. FOSTER.—I do not see what we can do but send you back for your papers.

By Mr. Barker:

Q. I understood you to say that Dr. James and Mr. Rainboth were together and discused with you the price of the horses?

A. Yes, sir.

Q. And you arranged what the price should be?

A. Yes, sir.

Q. That was agreed between the three of you?

A. Yes.

Q. Distinctly.

A. Yes.

Q. You swear that solemnly?

A. I swear to that solemnly, I would not let the horses go without I had an understanding.

Q. When the dispute arose in the Public Works Department did you make a solemn declaration that the price had been settled between you?

A. Which do you mean?

Q. You made a solemn declaration.

A. Well, you would have it there if I did.

Q. I am asking you if you made a solemn declaration and you need not tell me what I have got here?

A. Well I——

Q. Did you make a solemn declaration?

A. That is my belief that I did.

Q. Did you make a solemn declaration?

By Mr. Pardee:

Q. Of some kind?

A. Yes, I guess I did.

By Mr. Barker:

Q. Did you state in that that your prices were reasonable?

A. Yes, sir, I sold the horses at that price.

Q. You made a solemn declaration that the prices were reasonable?

A. Yes.

Q. Did you say that the price had been agreed upon at the time of the sale and that they approved the price?

A. I guess so, because I would not have let the horses go otherwise. I would not have made a declaration and would not have let the horses go except the price had been agreed upon.

Q. When did you make a solemn declaration as nearly as you can recollect?

A. Well, it must have been about the time that I got the payment for the horses.

Q. How soon was that after the sale?

A. I cannot say off-hand.

Q. Roughly speaking?

A. I don't know.

Q. Six weeks?

A. I could not very well tell, I had so much business, I cannot very well tell off-hand.

Q. How long is it since the sale?

A. It was in January, 1905, was it not.

Q. And how many months afterwards was it before you got your money?

A. I could not very well say, Mr. Barker.

Q. You cannot say whether it was one week or two weeks or even a month?

A. More than one month.

Q. Was it over three months?

A. I could not say.

Q. Well, now, is your recollection as to what took place better to-day than it was then?

A. Well I do suppose it would be as good.

Q. Do you recollect claiming before the deputy minister that you had sold these horses at a price; that there was no question as to whether the price was reasonable, but that you had sold it at a price?

A. I sold them at the price agreed upon.

Q. Did you claim before the deputy minister that you had sold these horses at a fixed price, and that it was no question as to whether it was a reasonable price or not?

A. I sold them at a fixed price before they left the barn.

Q. Did you claim that there was no dispute with you, but that you had sold the horses at an agreed price?

A. I sold them at the invoice price, that it what I told the deputy minister. I sold them at the invoice price and that was the price agreed upon.

Q. Did you say to the deputy minister that you had agreed at the time with Rainboth and the veterinary surgeon on a fixed price for these horses?

A. Yes, sir.

Q. You say that?

A. I say so now.

Q. Did you say that to the deputy minister.

A. I can say what I said to the deputy minister is what I say now.

Q. I am asking you if you claim——

A. I cannot recollect everything I said to the deputy.

Q. You cannot recollect whether you said this or not?

A. I said I had sold the horses at a fixed price.

Q. Can you say that you ever pretended at that time that the horses were sold at an agreed price?

A. I always thought the horses were sold at an agreed price.

Q. Did you pretend at that time?

A. I did not pretend, I was in earnest.

Q. Did you tell anybody at the time you were pushing your claim before the deputy minister that you had sold at an agreed price?

A. I sold them at an agreed price between Dr. James, Mr. Rainboth and myself.

Q. You told the deputy minister that?

A. I don't know what I told the deputy minister, but that was understood and that is what I did.

Q. I am asking you when the question was first in dispute whether you pretended you had sold the horses at an agreed price?

A. If I made any remark that was the remark I made, because I would not let the horses go out of my barn if we had not agreed upon a price. Don't make any mistake about it. I would never have let the horses go without the price being agreed upon as far as that is concerned.

Q. (Reads): 'I, Walter Cunningham, of the city of Ottawa, in the county of Carleton, merchant, do solemnly declare that,—

'1. The prices charged for the horses and harness supplied by me to the government of the Dominion of Canada, for the Georgian Bay Canal survey in January last, and the charges made for the stabling and keep of said horses are fair, reasonable and just, and also sleighs, blankets and robes. And I make this solemn declaration, conscientiously believeing 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, 1893.'

That is signed by you on April 14, 1905.

A. I signed that——

Q. If you had sold these horses at an agreed price—a fixed price agreed upon by three gentlemen, all standing together—what question was there as to whether it was a reasonable price or not? And why did you say so in that declaration?

A. It was right, that declaration.

Q. You swore to it?

A. I swore to it, yes.

Q. Did Mr. Rainboth ever telephone you that he would not allow the price you charged?

A. I don't think so.

Q. Do you swear he did not?

A. I don't remember. But it does not matter what Mr. Rainboth says, he could not have got the horses out without the price being fixed.

Q. I want to know from you, Mr. Cunningham, did he or did he not telephone you?

A. I don't remember his telling me in that way in this respect.

Q. Did he ever telephone you that he would not pay the price you asked?

A. No, sir, I do not think so, I never remember of it.

Q. Will you say he did not?

A. I don't remember of it.

Q. That is all you say?

A. If I remembered it I would say yes or no, but I don't remember of it.

Q. You say that Mr. Rainboth called at your shop, your store, after delivering the horses, about the coat?

A. Well, no, with the delivery of the horses I guess everything was over.

Q. What was that?

A. I say with regard to the delivery of the horses, the horses did not all go away at once, they went out in different lots.

Q. Did he call at your office at all after that coat was returned?

A. Oh, yes, he called at my office after that, because that was during the time of the business.

Q. How long after the transaction, when the doctor and he were at you stable, did you send the coat to his office?

A. When he gave me the order, I sent him the coat within a day or two after that.

Q. He says it was a week?

A. Well, it may have been within two or three days. I thought it was within a couple of days.

Q. And he sent it back by the boy who brought it?

A. I don't remember how the coat came back but he made the remark he did not like it.

Q. The boy told you he did not like it?

A. The boy did not say anything about it.

Q. Where do you say Rainboth told you the reason that he returned the coat was because he did not like it?

A. In my own office.

Q. You heard him say to-day that as soon as he returned the coat he never again spoke to you?

A. It is not so.

Q. Do you say that what he states is untrue?

A. That is my opinion. I can swear that he was in my office.

Q. Do you say that he swore to what is untrue?

A. I am telling the truth.

Q. Do you say that he has sworn what is untrue when he said that since the day he returned that coat to you he has never spoken to you?

A. In my opinion he has.

Q. In your opinion? You must know whether it is true or not?

A. Well, in my opinion it is untrue.

By Mr. Pardee:

Q. You swear to that?

A. I swear to that, because he has been in my office since, I will swear to it.

By Mr. Barker:

Q. What was he doing in your office?

A. Trying on other coats.

Q. Do you keep coats?

A. No, sir, I do not.

Q. How did you come to have coats casually?

A. He made an appointment to come down and try on coats.

Q. You will swear that he made an appointment to come down and try on coats?

A. Yes.

Q. Where did you get them?

A. From different stores around town.

Q. Where did you get the special one?

A. I had two different lots from Coté's.

Q. Tell me where you got the first coat that you sent up to him at his office?

A. Well, I do not remember where I got the first coat exactly. Let me see where I got the first coat. It strikes me the first coat I got from Coté, that I got two or three different lots.

Q. And what was the net price of that coat you got.

A. There was a big discount off, I know that.

Q. What was the net price?

A. $60.

Q. Then you say this bill you sent to him would be for $32?

A. Yes.

Q. Why did you charge him $32 for a coat that cost you $60.

A. I think I could not get it. It may be more discount.

Q. I ask you why did you charge him $32 for a coat that cost you $60?
A. He asked me $60.
Q. The wholesale net price?
A. Yes.
Q. And getting it for $60 you sent in a bill for what you would call $32?
A. Yes.

The committee took recess.

The Committee met at 3.30 o'clock, Mr. Geoffrion in the chair.

Mr. WALTER CUNNINGHAM further examined

By Mr. Foster:

Q. With reference to the purchase of the sleighs, have you the bills?
A. Here they are (produces bills).
Q. I see a cheque here of 21st January, to George Halliday or order, $233. Attached to that is a bill for three sleighs, $150, and some other things, and two sleighs at $80?
A. Yes, sir.
Q. Are those two of the sleighs you sold to the government?
A. Mr. Rainboth's two sleighs.
Q. That Mr. Rainboth bought?
A. Yes, sir.
Q. This is receipted in full by Mr. Halliday on 13th of January. Then you bought two from Mr. Dorion?
A. Yes, sir.
Q. There is a cheque here, 'C. A. Dorion or order, $81,' signed, 'Walter Cunningham.' This is dated 13th of January.
A. Yes, sir.
Q. Attached to that is a bill for two sleighs, $81. Are those the two other sleighs you sold to Mr. Rainboth?
A. Yes, sir. Mr. Rainboth ordered them.
Q. Were those sleighs first hand sleighs?
A. Well, they were. One sleigh was brand new. The other sleighs, the bob-sleighs, had been used. They were a little heavy for what we got them for.
Q. Have you bought many of that kind of sleigh?
A. Well, not many as heavy as that.
Q. Did it strike you the price was a pretty high price?
A. I asked the man after he finished them up what he thought the sleighs were worth and he told me $70 or $75 a piece.
Q. Is Dorion a maker of sleighs?
A. A very large maker of sleighs.
Q. And Halliday as well?
A. Yes, sir.
Q. They both have their place of business in Ottawa?
A. Yes, sir.
Q. Have you, in the case of either Halliday or Dorion received any discount or diminution of the $80 in each case that these bills are receipted for, and which the cheques show you paid over to them?
A. No, sir. That is correct what is there.
Q. You have never received any discount?
A. No, sir.

Q. Nor any refund?

A. No, sir.

Q. Or anything of the kind?

A. No, sir.

Q. You paid to Halliday the $80 fair and honest.

A. Fair and honest.

Q. For these sleighs?

A. Yes, sir.

Q. How did you agree upon the price for these sleighs? Some of them were new and others were not? Did he ask you at the time you commenced bargaining for them any higher price?

A. That is the price he asked, but after I got them he wanted more. We changed the construction of these sleighs twice after we started to build them.

Q. You changed the construction?

A. Yes.

Q. For what purpose?

A. Mr. Rainboth thought he would have them changed. They were changed by his instruction.

Q. Those changes were made by Halliday and Dorion?

A. Yes, sir.

Q. In each case?

A. Yes, sir.

Q. And the price you paid was the full price for the sale and all changes?

A. Yes, sir, that is the price exactly.

Q. So that the Halliday sleighs cost you $40?

A. Yes, sir.

Q. And the Dorion sleighs $40 and $50?

A. Yes, sir.

Q. And you sold them to the government for how much?

A. The bill is there.

Q. Do you not recollect?

A. $75, was it?

Q. $75. Did you not consider that $35 was a pretty heavy profit upon a sleigh which cost you $49?

A. Well, Mr. Foster, when you consider the price of the sleighs and the price charged for all the sleighs you will find there was not very much profit.

Q. I am asking you about these four double sleighs. I am asking you the simple question do you make as large a percentage of profit as that on the generality of the commodities which you sell?

A. Any one in business knows that there are some things that will give you good profit and others not as much. Adding them all up you will find there is not a big profit.

Q. I am taking in simply as you charged. You go to work and buy a sleigh which cost you $40, and you turn around and sell it to the government for $75. You have not laid out that money. The cheque shows that you did not buy until the 21st of January, you laid out that money but a very short time, and you charged pretty nearly 100 per cent and yet you swear in your affidavit that the prices charged are reasonable and fair?

A. I considered so, Mr. Foster.

Q. You consider it so?

A. When you take them all into consideration.

Q. You have to take each one into consideration?

A. You know in some cases you make a profit and in other cases you don't. You have got to average them up.

Q. You think the prices are reasonable and fair?

A. I think so, taking all of these together.

Q. I am asking you about this one transaction. Sleighs were bought equally as good, as Mr. Rainboth says in his testimony, for $35. That is pretty close to what you bought them for.

A. These men who were rearranging the sleighs told me they were worth over $75 apiece.

Q. Oh, that does not explain this transaction. You bought for $40, and sold to the government at a profit of $35, and yet you turn around and say it it a fair and reasonable price. The same thing with regard to the sleighs you bought from Dorion, the same remark applies to both. With reference to the harness, I find a bill here from Borbridge dated January, 1905. There is written in the margin, 'sold to W. Cunningham two sets C and F harness.' What is that?

A. I guess that is meant for coarse and fine.

Q. That is the brand of harness is it?

A. Yes that is a brand of harness.

Q. Two sets of harness at $26 each?

A. Yes, sir.

Q. You sold four sets of double harness. Were those two of the sets of double harness you sold to the government?

A. They went into the government

Q. They went into the government?

A. Yes.

Q. You bought them at $26.

A. Yes, sir.

Q. The receipt is signed on the 23rd January, 1906. I ask you the same question with reference to these: Have you received any discount or rebate, or any consideration in any way, which would tend to diminish this $52 in amount which you paid to Mr. Borbridge?

A. No, sir.

Q. Now you turn around with these sets of double harness and you sell them for $37.50?

A. Yes, sir.

Q. You paid $26 and you sold them for $11.50 advance, pretty close up to 50 per cent of a profit. These two sets were bought on January 9th and then on January 11th, 1905, you bought two other sets from Mr. Borbridge at the same rate for which you paid $26 without receiving any rebate?

A. Yes, sir.

Q. Or consideration in any way? And then you turned them over to the government at an advance? The four sleighs cost you $104, and you turned them over to the government for $150, and you consider that a fair and reasonable profit?

A. I think so, yes.

Q. Why did you not add 90 per cent to them?

A. Well, that would be too much?

Q. It was not too much in the case of the sleighs. Was your conscience troubling you?

A. Allow me to explain about these sleighs. I gave Mr. Rainboth a sleigh for $25 which cost me $55. There is one single sleigh marked $25.

Q. We will come to that afterwards.

A. So you must average everything up. You must look at it in that light and not look at the worst side of it.

By Mr. Macdonald:

Q. I assume you took the horses and sleighs in one group and your profit was distributed over the whole lot?

A. My profit was very moderate considering it in that way.

By Mr. Foster:

Q. The accounts are not grouped here but every item is set out.

A. That is what you asked me for is it not? You asked me for bills like that did you not?

Q. I am taking the bills you gave the committee?

A. That is what you asked for.

Q. Yes. So that in this case you were satisfied with an advance of about 47 per cent on your cost price? In the case of the blankets there is a bill here from Borbridge dated December 21st, 1904, '21 blankets, $28.' Is that $28 a dozen?

A. $28 a dozen.

Q. Did you take the blankets you sold to the government out of that?

A. Mr. Rainboth got all the same kind out of that lot. He got all his blankets out of that lot.

Q. These cost you then, according to that bill, $2.33 and you sold them to the government for $3 each, making a good profit, but not an inordinate profit. The wonder to me is you did not charge more. What was the matter?

A. My conscience might have been troubling me at that time.

By Mr. Macdonald:

Q. Were these wholesale prices?

A. Yes, sir, these were all wholesale prices, everything you have got there. I put retail prices in when I was selling them.

Q. I do not find any bill here for the single harness?

A. There was one single harness, the other two we had in stock.

Q. I find one set of single harness from Borbridge for $19. Is that the one you supplied to the government?

A. That is one, the other two were supplied from stock.

By Mr. Foster:

Q. That was the price and Mr. Borbridge writes here 'settled by contra account.' When was this receipted?

A. I got that to-day, Mr. Foster. I lost the bill for the single harness and I went and got that.

Q. You bought the single harness on January 9th did you?

A. Yes, sir. That is the one I gave to Rainboth.

Q. From Mr. Borbridge?

A. Yes, sir.

Q. $19?

A. Yes, sir.

Q. And when did you pay for that?

A. About that time.

Q. And how did you pay for it?

A. Well, you see, Mr. Borbridge and I settle up accounts very often.

Q. And there was a balance coming to you?

A. I don't remember.

Q. It says here 'settled by contra account'?

A. Yes, we settle up accounts you know.

Q. Did he write that receipt?

A. He wrote that to day. That is a copy of the one he gave me.

Q. Where is the contra account you had against him?

A. He trades with me in my store.

Q. But he gets an account from you does he not.

A. He does.

Q. Where is the contra account then which purports to be the settlement of this? Have you got that?

A. I did not bring that, no. That is the price of the harness anyway that I got.
Q, You swear that?
A. I paid that for the single harness.
Q. You paid that for the single harness?
A. Yes.
Q. It cost you that absolutely?
A. Yes, sir.
Q. And you sold that to the government for $27.50?
A. Yes, sir.
Q. Making a profit of $8.50. That is a pretty good profit, between 45 and 50 per cent. Now we come to the single sleigh. I do not see any bill for the single sleigh, is there one here?
A. Well, we got that in stock.
Q. You had that in stock?
A. Yes.
Q. Rainboth got it from you in stock?
A. Yes, sir.
Q. He inspected it at the time did he?
A. Yes, sir.
Q. Was that a new sleigh.
A. No, sir, but it was just as good as a new sleigh.
Q. How much did that sleigh cost you?
A. Oh it was a shanty jumper and cost in the neighbourhood of $50.
Q. A single sleigh cost you in the neighbourhood of what?
A. $50. I used it a little but it was just as good as new.
Q. And you sold it for $25?
A. Yes, on account——
Q. Your conscience must have been troubling you?
A. Yes, I wanted to even up a little, the average.
Q. Do you swear you paid $50 for a single sleigh?
A. I got it the year before. That is what we pay for those sleighs now.
Q. And you paid $50 for it?
A. To the best of my knowledge I did.
Q. From whom did you buy that?
A. I could not exactly say from whom I bought it.

By Mr. Taylor:

Q. Was it a lumber sleigh?
A. No, a shanty jumper. You know these shanty jumpers. It would retail at $50.

By Mr. Foster:

Q. A shanty jumper retails at $50. And you paid $50 for it the year before last?
A. As near as I can remember that is what I paid for it.
Q. And you bought it in Ottawa?
A. Yes.
Q. From whom did you buy it.
A. I could not exactly say.
Q. Have you not any bill of it?
A. No, sir.
Q. No cheque for the payment of it?
A. No, sir.
Q. And yet you sold it for $25?
A. Yes, sir.
Q. You considered then that you had worn off how much for the sleigh?
A. Oh, I don't know, the sleigh was just as good as new.

Q. You had had one winter's wear out of it?

A. Yes, sir.

Q. It was a second hand sleigh. You thought you had got $20 or $30 or $40 worth out of it and you could afford to sell it for $25?

A. I beg your pardon?

Q. You thought you had got the rest of the value out of it?

A. No, I did not think that at all, I thought the sleigh was just as good as when I bought it.

Q. Can you give any reason why you sold the sleigh, that you bought for $50, and you say was as good as when you bought it—why you were generous enough to sell it to the government for $25. Is there any reason for that at all that you can give to the committee?

A. No, any more than I stated.

Q. What did you state?

A. That I considered the sleigh was worth more than I sold it for, but he was going to get other sleighs and I let him have it for that price.

Q. Was there any negotiation between you as to what he would pay?

A. I told him I would let him have it for $25.

Q. You really considered you were sacrificing $25 in order to give the government a chance.

A. I really thought I was sacrificing something.

Q. Why did you sacrifice in the sake of a single sleigh when you charged nearly 90 per cent on a double sleigh?

A. Well, I will just tell you: Mr. Rainboth, I understand, was after a sleigh for his own use and I wanted to give him a nice rig to drive in.

Q. Why did you have the idea of giving Mr. Rainboth a sleigh at half price for himself?

A. I had no idea in particular.

Q. Was it Mr. Rainboth's personal purchase?

A. No, not at all.

Q. He purchased the sleigh did he for his own use or for the use of the government?

A. For the government I understood he was going to buy it.

Q. You were selling that to Mr. Rainboth for the government?

A. Yes, sir.

Q. And you thought it would be a proper thing to lose $25 on a transaction with the government?

No answer.

Q. Was that it?

A. Well, I do not know that it means a loss of $25. I considered the sleigh was cheap at $40, and I gave it for $25.

Q. What was the reason?

A. I have no reason.

Q. What reason do you offer for charging $25 advance on the double sleigh?

A. Because when I got the sleighs made by the men they told me they were worth from $70 to $75 a piece after fixing them up and I was going to give them something afterwards, but I did not, because my prices were cut down here. I intended to give those men more because they worked day and night on those sleighs until they finished them. I bought the sleighs at a certain price and they were afterwards altered two or three times to suit the work.

Q. You paid $40 for the sleighs?

A. Yes.

Q. And turned them over to the government at $75.

A. Yes.

Q. And in the very same series of transactions you had a sleigh worth $50 and you turned it over to the government for $25, and the reason you did that was because you wanted to do the nice thing by Mr. Rainboth. Was that it?

A. Oh, no, I do not think that.

Q. You wanted to do it by the government then?

A. By the government

By the Chairman:

Q. Was it of any use to you?

A. Yes.

By Mr. Foster:

Q. We had Rainboth's opinion with reference to that, and his opinion was not favourable to the worth of that sleigh?

A. I do not think I took any off that.

By Mr. Brodeur:

Q. Did Rainboth not certify to the account?

A. He certified to that price.

By Mr. Foster:

Q. He agreed to give you $25?

A. Yes.

Q. Before you put it in your bill?

A. Yes.

Q. Where do you get robes?

Q. You have the bills there in front of you.

Q. The bill is here for the robes?

A. Yes.

Q. You bought them from Joseph Duford?

A. Yes.

Q. The bill here is of September 17, 1904, five pairs of robes, $25 per pair, and 9 robes at $12.50—all of these you seem to have bought at the rate of $12.50?

A. Yes.

Q. And you never received from Mr. Duford any abatement, discount or rebate, with reference to these robes?

A. No, sir.

Q. Then you sold them to the government at how much?

A. At $15. That was the retail price.

By Mr. Macdonald:

Q. Do I understand that you are engaged in the outfitting business, in dealing with horses and articles of that kind, in addition to your regular grocery business?

A. Yes.

Q. Have you been engaged in the business of buying and selling horses for a number of years?

A. Oh, yes, a great number of years.

Q. A great number of years?

A. Yes.

Q. Not only with regard to dealings with the government but with private parties?

A. Yes.

Q. In Ottawa, Montreal and other cities of Canada?

A. Yes—Toronto.

Q. Toronto as well. And that applies, I suppose, to other articles as well as sleighs, and harness and things of that kind?

A. Yes.

Q. I presume that in dealing with purchases such as harness, blankets and robes that you were able to put them at wholesale figures?

A. Yes.

Q. And the price generally in all these cases to which we have just referred is the wholesale price to you as a large buyer?

A. Yes, it is the wholesale price?

Q. Now, in regard to this particular order, do I understand you to say that Mr. Rainboth instructed you that these things must be got ready quickly?

A. In a hurry, yes.

Q. And did you take particular attention to have them collected quickly and expeditiously?

A. Yes.

Q. Did you spend a good deal of time?

A. Yes, quite a lot of time.

Q. Over and above the ordinary transaction of purchasing these goods?

A. Yes. Now, these are the only kind of large sleighs suitable. We went all over the city before we could get suitable sleighs.

Q. It is not an ordinary case of a man coming to your shop, giving a written order to your clerk and the clerk making it up and handing it to the purchaser?

A. No, indeed.

Q. In this particular case it required a lot of time and labour in collecting the goods and arranging for the purchasing?

A. Yes.

Q. Now, in regard to the purchase of the horses, is there any enormous charge made by you here in addition to the regular price you paid for them?

A. I sold these horses very, very cheap.

Q. In comparison with the transactions you have in horses with private parties was there anything very unusual?

A. No comparison. There were teams went out in that deal I could have got $700 for.

Q. Do I understand you to say that frequently in dealing with private parties your percentage of profit is greater than in that particular case?

A. Oh, yes, no comparison.

Q. In regard to the matter of the price of sleighs, have you got any computation of the total cost to you of the sleighs and the total charge made to the government for the sleighs; did you make that up?

A. I did make it up, but I do not just remember.

Q. Can you give us the total cost to you for the sleighs—taking the single sleigh which you say cost us $50?

A. They would average about $48 each all around.

Q. What is the total cost of the sleighs?

A. The total cost of the sleighs would be $505.

Q. And what is the total price at which you sold them?

A. I have not got it here without looking all through them—the eleven sleighs were got.

By Mr. Taylor:

Q. Sold at $75 a piece?

A. No, sir,—some were. They averaged about $46.

By Mr. Macdonald:

Q. They cost you $46 a piece?

A. Yes, all through.

Q. I understand it was necessary to spend some time to get these sleighs arranged for; you had to work night and day?

A. Yes.

Q. Did that require extra attention on your part?

A. Yes.

Q. This was not an ordinary transaction, going to a dealer in sleighs and purchasing sleighs on exhibition and sending them to the warehouse.

A. No, indeed.

Q. It was an exceptional case, in which these goods had to be prepared specially?

A. Yes.

Q. In your practical dealings with ordinary private parties—do you say that your percentage on these sleighs is unusual or more than you have charged in similar cases with private parties?

A. I think the average is all right. I do not see anything exorbitant about the prices.

Q. On the contrary, I understand it was necessary to expend more time and labour than in ordinary dealings with private parties?

A. Yes.

Q. It had to be done hastily.

A. Hurry up, yes.

Q. Did Rainboth express any dissatisfaction with the prices except with regard to these horses?

A. Well, he did, I think.

Q. What further items did he complain of?

A. He took something off the horses and sleighs, both.

Q. Horses and sleighs. As regards the others?

A. He took something off the blankets.

Q. Yes. That was at the time, in the certifying of the account?

A. That was some time after getting the stuff.

Q. Did he certify to the account at the time?

A. Well, I know that he certified the price of the horses at the time.

Q. Well, now, in regard to this question of this coat, who was it that mentioned the question of your getting a coat for him?

A. Mr. Rainboth. I made no advances to him. He asked me to get the coat and I got it.

Q. He was the first that suggested anything about the coat?

A. Yes.

Q. Rainboth said this morning he had some indignation in regard to the account you sent him. As a matter of fact did he talk coat to you after you sent him that invoice?

A. Yes.

Q. Where?

A. In my office.

Q. Was he in your office in regard to a coat?

A. Yes, he tried on several coats there.

Q. Did he indicate to you in any way that he had considered himself insulted on account of the invoice.

A. No, I never heard anything about that until I saw his evidence here the other day.

Q. You never knew he had any feeling of that kind?

A. No.

Q. Did he ever intimate to you at any time that he considered that you were attempting to influence him by giving him the coat for nothing?

A. Never.

Q. What took place at the time he was trying on these coats subsequently at your place?

A. I remember he came down and sat in my office. The coats were there. He saw them and tried on several, and said he was looking at a coat in Devlin's for $165 and that he would try that.

By Mr. Jackson (Selkirk):

Q. When did you send in the account?

A. After he had got the coat.

Q. What did you think when he sent back the coat?

A. He sent it back and said he did not like it, and tried on coats after that in my office. This is the first coat he got.

By Mr. Macdonald:

Q. Was that the ground that he took, that he did not like the coat?

A. Yes, did not like the coat.

Q. Then he tried on some others that you had and intimated afterwards that there was a coat at Devlin's which he thought suited him?

A. Yes.

By Mr. Jackson (Selkirk):

Q. The gentleman that gave evidence this morning said that he never was back at the store. What do you say?

A. He was there, he gave me the order for these things in the beginning of January. The horses were sent from my yard about the 18th and Rainboth was in my yard when the horses left. I can prove that be was wrong. He was certainly there.

By Mr. Chisholm (Antigonish):

Q. Perhaps it was a lapsus linguæ?

A. He may be mistaken. He was there.

By Mr. Jackson (Selkirk):

Q. Did you send a coat there?

A. Yes, he got the coat about the time I got the order, the order had been on file at the time.

By Mr. Brodeur:

Q. I see in the Auditor General's Report, July 31, you sold two sets of double harness at $50 each. From whom did you buy them?

A. From Borbridge.

Q. How much did you pay for them—I see two double harness, $100?

A. I paid $137 for three sets.

Q. How much did you pay per set?

A. That is about 7 per cent on them.

By Mr. Foster:

Q. What did you pay for the three sets?

A. $137.50.

By Mr. Brodeur:

Q. For the three sets?

A. Yes.

Q. I see that there are two double harnesses and one single harness, $130, which you sold to the government. How much did you pay for these?

A. I do not remember. This single harness was in stock. They were good single harness. I cannot exactly remember what I paid for them.

Q. Now, there are ten robes at $15. How much did you pay for them and from whom did you buy them?

A. I bought some from Duford, some from Borbridge. Some cost $12.50 and some cost $8.25.

Q. How much did you pay for the ten robes—will you look at your invoice?

A. The ten robes cost $12.50 each.

Q. They cost $12.50?

A. Yes.

Q. And you sold them at——

A. At $15.

Q. They cost you $125 and you sold them for $150. From whom did you get them?

A. From Duford

Q. Now, the next item is two sleighs for $120. Where did you get them?

A. From Halliday.

Q. How much did you pay for them?

A. I paid $100 for them.

Q. Now, there is one sleigh at $25 afterwards. What did you pay——

A. That was another shanty jumper. That is about the price they cost. I had used that sleigh a little while and I let them have it.

Q. I see on the next page, V—32, four sets of double harness at $37.50. From whom did you purchase them?

A. From Borbridge.

Q. How much did you pay for them?

A. Twenty-six dollars.

Q. And there was a single harness also for which you charged the government $27.50?

A. I think that was one out of the stock.

Q. Now, I see four double sleighs at $50?

A. That is the bill certified to by the government. They cost $41 for two and $40 for two—I think it was.

Q. From whom did you purchase them?

A. I bought two from Dorion and two from Halliday.

Q. And one single sleigh at $25?

A. That was one we had in stock.

Q. Now, you have got eighteen robes at $10. From whom did you purchase these?

A. I bought them between Duford and Borbridge, $12.50.

Q. I think you will find in this statement eighteen robes—will you look at your invoice there?

A. I bought part from Borbridge and part from Duford.

Q. How much did you pay?

A. $12.50 and $8.25.

Q. You spoke in answer to Mr. Foster of some sleighs which you sold for $75. I do not see any of them?

A. They were not bought at $75. The government did not pay $75 for them.

Q. You did not get $75?

A. No, I only got $50.

By Mr. Macdonald:

Q. When these goods were supplied, you went to the department some time afterwards to get your cheque?

A. Yes.

Q. What did the department say to you about it—whom did you see?

A. I went to the department after receiving a cheque and wanted the balance.

Q. You received a cheque for part?

A. Yes.

Q. And went to the department. Whom did you see?

A. I do not remember.

Q. What information did the department give you?

A. I think they gave me information that my account was not certified to, or something was taken off my account. That was all they could give me.

Q. Did you see Mr. Rainboth after that?

A. I do not think so.

Q. You do not recall speaking to him about it afterwards?

A. No.

Q. Did he go out on the survey last winter?

A. I do not know.

Witness discharged.

EDWARD RAINBOTH recalled and further examined

By Mr. Foster:

Q. You have heard the evidence given by Mr. Cunningham in which he stated that after you had sent the coat back which came to you accompanied by his invoice, that you had tried on several coats in his office, that you had been there several times. Now, what do you say with reference to that?

A. In his store, not in his office. I tried on a coat when I first spoke about it, when he said he would get a coat wholesale for me, and one day I was down he said he had a nice coat—well, you might call it an office it was the back part of the store, but without any partition. I tried the coat on. I did not like the coat and told him it would not do. And that was the only time that I ever tried the coat on. A few days after that the horses were shipped and I was down in the yard when he sent away the last of the horses. They were sent to different localities, and two pair of them went out a couple of days ahead of the others. That was the time that I saw the robes that I spoke about the shabbiness of those robes, those small robes. It was after the horses left that the coat came to my office.

Q. After the last lot of horses went?

A. Yes. And I never met Cunningham nor spoke to him from that day to this. If I had met him within a month or two afterwards I would have choked him for the coat transaction.

Q. And that you swear to positively?

A. I swear positively. There is another thing I would like to add. He was quoting prices of robes there on December 17 from Duford. These were robes that went to the Montreal district, that I had nothing to do with. The robes furnished me came in the month of January and were a different robe. They were small, very like a floor mat, and had flannel lining. The robes that went to Montreal were large and had better lining. I measured one of these robes that came to my district the other day at an auction sale—they were selling off a lot of these goods—and it measured three feet three inches by four feet four inches, an entirely different robe from the robe that he quoted prices for a moment ago. And about these certificates that were spoken about this morning, there were only five of them and there should have been nine. I remember what has become of the other four. I did not consider them of any value once the horses passed out of our business and I gave these four certificates to Mr. Landreville, who bought these four horses, if they would be of any assistance to him in disposing of the horses. These certificates got in among my private papers. I in-

tended going up to section 4, where the other horses were, to leave them with the engineer in charge there after he sold the horses to Cunningham. He sold the horses and did not require the certificates.

By Mr. Brodeur:

Q. Didn't you think it was your duty to send them back to the department?

A. They got among my private papers.

Q. I know.

A. And I did not know they were there until the other day when I was going over some papers.

Q. When you discovered government documents in your possession it was your duty to give them back to the government, to whom they belonged.

A. I gave them to Landreville, who bought the horses.

Q. Was it your duty or not to send them back to the department?

A. No, I do not think they were of any value to the department, for the horses had passed out of their possession.

By Mr. Barker:

Q. They were so much waste paper?

A. Yes, I though they were, once the horses were sold. I gave them to Mr. Landreville, who had bought the horses.

By the Chairman:

Q. You gave these certificates to Landreville that you produced this morning?

A. Four of them.

Q. Those you produced here this morning you got in your papers?

A. They remained in my possession.

Q. When did you find out you had them in your possession—you found they were waste paper?

A. When I was looking over a lot of papers.

Q. When you saw papers relating to a transaction between the department and another party which were not your own papers, did you not think it was your duty to send them back to the department and not keep them?

A. No, I considered them valueless. We had sold the horses. If we still owned the horses they might have been of some value in disposing of the horses.

Q. You were called upon to produce these papers and you handed them over and have not produced them here?

A. I was not called to produce any papers.

Q. And you say, Mr. Rainboth, that you considered them waste paper—as waste paper. Then why did you not destroy them?

A. Once the horses were sold I could have torn them up.

Q. Still you kept them, thinking you would need them some time?

A. No, I did not know I would ever need them.

By Mr. Brodeur:

Q. Why did you ask for these certificates from Dr. James?

A. I did not ask for them.

Q. You read this morning these copies that were asked for by you.

A. I never asked for them. I got his verbal certificate, which was all I required. I think he sent these statements in when he sent his account, and I certified his account.

Q. You heard him state that these certificates were asked for?

A. No, I do not think he said that.

Q. Why are these certificates different from those which were given to the department—supposed to be given to the department—with regard to the price? Is that at your request that the price was not included in these certificates?

A. No, he had nothing to do with the price.

Q. I am asking you if it was at your request?

A. No, I did not ask for a certificate of anything. I had him come down and inspect the horses and tell me they were sound.

Q. These certificates came one day through the mail. You did not pay any attention to them, did not send them to the department, but kept them there.

A. I kept them with the other papers belonging to my district.

Q. And brought them with you when you left the department?

A. I gave them to Landreville when he bought the horses. I suppose I should have given these to the man who bought the other five horses.

Q. Did you show these certificates to somebody since this inquiry opened?

A. No.

Q. You never showed these to anybody except this morning?

A. That is all.

Q. You swear to that?

A. I swear to that. Nor the invoice, I never showed the invoice to anybody before I showed it here, except to Mr. Gobeil and Mr. Lafleur.

By Mr. Macdonald:

Q. You got a fur coat, I understand, that winter?

A. Yes.

Q. You got it at Devlin's.

A. Yes.

Q. Did you tell Cunningham that you had a coat at Devlin's that you thought would suit you before——

A. No.

Q. Did you tell him that you thought there was a coat at Devlin's that you liked and that you were getting it?

A. No, I told him I was looking for a coon coat and that they wanted to sell me a fur lined coat. I preferred a coon coat for my work.

Q. Then you told Cunningham that you were talking of getting a coat at Devlin's?

A. No, I told him I had got a coon coat from Devlin and after three days he took it back, it did not suit.

Q. That was after the coat transaction?

A. No, before.

Q. Well, you subsequently did get a coat there?

A. Yes.

Q. That winter?

A. Yes.

Q. You recall telling Cunningham you were going to get it there?

A. No.

Q. That was before you got it or after you got the coon coat which was returned, while you were making up your mind about getting that coat costing $165?

A. No, this was not.

Q. What was the price you paid?

A. $300. The price was $450. It was an extra good coat.

Q. You got it for $300?

A. Yes.

Q. At any rate you and Cunningham had some conversation about your getting a coat at Devlin's?

A. No.

Q. No conversation at all?

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A. None except what I said, about having got a coon coat from Devlin and I returned it, it did not suit, and that Devlin wanted to sell me a fur lined coat, and the fur lined coat was not the kind of coat I wanted. I wanted a coon coat.

Q. What I asked was whether you did not have some conversation with Cunningham in which you told him you were thinking about getting a coat at Devlin's?

A. I have already said so.

Q. You did have conversation?

A. I had that conversation.

Q. Well, now, you tried on a coat more than once at Cunningham's?

A. Only once.

Q. Only that one occasion?

A. Yes, a few days prior to the coat coming to my office.

Q. Only on one occasion you tried a coat on there?

A. That is all. From the time the coat came to my office, that was after the horses went away, and this was before the account came in, I never spoke to him to this day.

Q. Did you try a coat on at Cunningham's at any time before the horses went away?

A. Well, I think it was about that time when we first spoke of it.

Q. You told me that you only tried on a coat once?

A. Yes.

Q. And that once was after the horses went away?

A. No, about the time they went away.

Q. You told me that you only tried on a coat once at Cunningham's, and you think that was after the horses went away?

A. At Devlin's?

Q. At Cunningham's?

A. You said Devlin's.

Q. Let's get down to business. Did you try on a coat at Cunningham's more than once?

A. Only once, I said.

Q. Before or after the horses went away?

A. Before. I never was in his place after the horses left.

Q. Did you say you tried on a coat after the horses went away?

A. No.

Q. You say you did not?

A. No.

Q. At no time except on one occasion, and one specific day, did you ever try on a coat at Cunningham's?

A. No.

Q. Only once?

A. Only once.

Q. Now, are you quite sure that that was before the horses went away?

A. Quite sure.

By the Chairman:

Q. How did you come to mention to Cunningham that you wanted a coat?

A. I asked him if he was buying these furs wholesale, and he said 'yes.' I said where?' He said, 'in Montreal.'

Q. Was he dealing in furs?

A. Well, I do not know whether——

Q. What is he dealing in, horses, groceries——

A. Dealing in everything.

Q. Has he got any furs in his store?

A. Never saw any.

Q. How did you come to mention to him that you wanted to buy a fur coat if you never saw any furs in his store?

A. Because these implement men who were selling sleighs—they sold sleighs, robes, fur coats, altogether, and I had been looking at some fur coats. It is difficult to get a good coon coat of the kind I wanted, and when I asked Cunningham if he was buying these robes wholesale he said 'yes,' and I said, 'Can you buy me a coat wholesale?' and he said 'yes,' he said, 'It would not cost you anything.' I said under these conditions it will not cost me anything; I said, 'I do not want it.' I would pay for it, and take it under no other conditions.

By Mr. Brodeur:

Q. Had you ever any dealings with Cunningham before?

A. Never.

Q. Why did you ask him to purchase for you a coat without any profit or without any commission; why did you ask him to do that?

A. Without any profit for whom?

Q. For him?

A. I did not think it was any loss to him if he got it at wholesale prices.

Q. I suppose he had to look after it himself?

A. I was sorry afterwards that I ever broached the subject, when I saw the kind of man I had to deal with. But I tried to correct my error when I told my chief all about the transaction.

Witness discharged.

Mr. H. KELLEY called and sworn, and examined

By Mr. Macdonald:

Q. You are a clerk in Cunningham's store?

A. Yes.

Q. Do you remember the time when these horses and sleighs and these other articles were supplied Mr. Rainboth that winter?

A. I do.

Q. You have just heard Mr. Rainboth speak here that he tried on a fur coat in the store only once—you heard him say that?

A. I did.

Q. What is your recollection of the facts?

A. I remember him being there three different times.

Q. Three different days?

A. I saw him when the coats were in the office. In my opinion he was trying them on. He was with the coats and the boss was there with him.

Q. With the coats?

A. Yes.

Q. Looking at them.

A. Yes.

Q. And your recollection is that he was trying them on on each of these occasions?

A. Yes.

By Mr. Foster:

Q. Do you swear that you saw him trying these on?

A. Yes.

Q. That you saw him trying them on?

A. Not in the act of trying them on. I saw him with the coats.

Q. Will you swear that you saw him trying on the coats?

A. No, not actually trying them on; but I saw him with the coats. In my opinion he was trying them on. He had the coats on his arm.

Witness discharged.

Mr. A. GOBEIL, Deputy Minister of Public Works, called and sworn, and examined

By Mr. Macdonald:

Q. Mr. Gobeil, your attention, I presume, has been called to that account of Cunningham's in connection with horses and articles supplied for the Georgian Bay Canal Survey?

A. It was.

Q. Would you explain to the committee the action of the department with regard to this matter after their attention was called to it?

A. Well, there was a report made by the engineer in charge of the survey, Mr. St. Laurent, to the chief engineer, Mr. Lafleur, in reference to some differences of opinion as to the value of horses, by Mr. Rainboth, who had reduced the value. My attention was also called to the prices of some sleigh robes and the prices of some sleighs, which had also been reduced by Mr. Rainboth from the prices asked by Cunningham. I examined the letter sent by Mr. St. Laurent to Mr. Lafleur, as well as the certificate attached from the veterinary surgeon, which stated that the price charged for the horses by Cunningham was fair and just. There was also an affidavit by Cunningham to the effect that the prices were in his opinion fair. As I was called upon to act as judge, as it were, between the contention of Mr. Cunningham and that of Mr. Rainboth, I decided that in my judgment Mr. Cunningham was supported by his own affidavit and by Dr. James' certificate, and I allowed the original price.

Q. For the horses?

A. Yes. As regards the sleighs and as regards the robes, I thought that Mr. Cunningham's contention was not supported by any additional declaration or proof, and I allowed the reduction made by Mr. Rainboth to stand, and I put my certificate at the end of the account, in the terms, I think, in which it can be read there, but I allowed $100 on the horses and did not allow anything on the sleigh robes and sleighs, and the account was passed in that way.

Q. How long would this be after the goods were obtained?

A. I have no knowledge whatever of the purchase of the goods.

Q. Personally?

A. The only thing that came before me was the dispute, in which I was called upon to award between Rainboth and Cunningham as to the value of the certain articles on which Rainboth had made a reduction. I had nothing to do with it before that, and nothing to do with the purchase.

Q. Your ultimate decision was that the price for the horses was fair and reasonable, and that certain deductions should be made in regard to the sleighs and other articles on which a question had been raised by Mr. Rainboth?

A. My official decision was that the weight of evidence brought forward by Cunningham was stronger than the weight of evidence put forth by Rainboth in favour of reducing the account for the horses.

Q. Did Mr. Rainboth call to your attention in connection with the investigation into these accounts the fact about a coat that he was wanting to get himself?

A. Well, I have been trying to remember as hard as I can about that. He came to my office, I believe with the chief engineer, to give explanation in regard to that, and he made a mention—the best I can recollect is furs. I do not think that he men-

tioned fur coat. I think he mentioned something about furs, but whether Cunningham was mentioned I cannot recall. My recollection is that he never mentioned fur coat.

Q. Did he say anything about an invoice?

A. No.

Q. Did he at any time show you an invoice?

A. Well, I just give you my recollection as it is. He never showed me any papers in connection with that matter. He may have said that he had some paper, although I do not even recollect that he did. My recollection is that the discussion was with reference to the price of the account.

Q. I see?

A. I have been trying since this inquiry to remember whether he did show me any paper, and to the best of my recollection he did not.

Q. He did not?

A. No.

By Mr. Jackson (Selkirk):

Q. If an account was shown you with 60 per cent, 25 per cent, 15 per cent, 15 per cent and 3 per cent off, you certainly would recollect it?

A. I think I would.

By Mr. Macdonald:

Q. What position did Rainboth occupy at that time?

A. He was divisional or district engineer on the Georgian Bay Canal Survey.

Q. He is not now in the employ of the department?

A. No.

Q. Did he have any difficulty with the officials who were above him?

A. Not that I am aware of. I only heard that he had resigned. I did not inquire into it.

Q. Do you know what led to his resignation?

A. No, I have no knowledge.

Q. Was there any quarrel before he resigned?

A. I do not believe I ever heard the reason why he resigned.

Q. You don't know that you know exactly why?

A. I think I do not know anything about it.

Q. Nothing that you can speak of?

A. No.

By Mr. Jackson (Selkirk):

Q. When you are left, as you were, to say whether prices are fair and just, do you not think it would be your duty to see whether a sleigh that the government is charged $75 for is only worth $40? Is that not part of your business as deputy minister?

A. No. I understand that my business as deputy minister is to stand as a kind of revising officer. These accounts are all certified beforehand by the officer immediately in charge. This account had been certified by Rainboth, by St. Laurent and by the chief engineer. Then the account goes to the accountant. If there is a discussion, if the man who puts in the account claims that he is not fairly treated, then the account comes before me, and I try to satisfy myself as to whether the account is a correct one. I do not certify any accounts myself—never do.

By Mr. Macdonald:

Q. I suppose as a matter of fact the ordering of these goods is done by the head of the particular work that is to be carried out?

A. The engineer in charge has the ordering of the goods. I never knew even that these goods were ordered nor when.

Q. And in this particular case you did not know anything about the matter until the account came to you?

A. No; that was the first knowledge I had of it.

Q. You knew nothing about Rainboth's transaction with Cunningham until you came to adjust the account?

A. No, sir.

Q. Did you investigate the facts pretty thoroughly when you came to the conclusion that you did?

A. About the accounts?

Q. Yes.

A. I did to the best of my ability.

Q. You told us you have had experience in dealing with accounts of this kind before in the department in regard to supplies of that kind for survey purposes and other purposes?

A. That would be my business as the deputy minister to a certain extent.

Q. I suppose the deductions which you thought should be made in this account were made as a matter of fact, Mr. Gobeil?

A. Yes. Those about which no evidence was offered by Mr. Cunningham better than his own statement—these were allowed to remain as Rainboth had made them.

Q. As he was certifying officer?

A. Yes.

Q. As regards the horses, you were satisfied that the prices were reasonable?

A. My opinion was that the certificate of a veterinary surgeon on the horses was better than the certificate of a civil engineer. I may have been mistaken, but that was the impression that I had at the time.

By Mr. Foster:

Q. You speak in your instructions, your final instructions, this way: 'In view of Mr. Cunningham's declaration and further certificate, the minister agrees with the chief engineer's and my recommendation that the full amount charged for the horses be paid to Mr. Cunningham.' That seems to have been founded on two things: one was Cunningham's declaration and the other was Dr. James' certificate?

A. Yes.

Q. Do you know what Dr. James' certificate really was with reference to these horses?

A. I read it; it was attached to the report.

Q. And what is your impression of it?

A. It said that the price asked by Cunningham was fair and just.

Q. Here are the certificates from Mr. James (producing documents). He examined these horses. These were copies sent to Mr. Rainboth, and Dr. James in his evidence to-day says that these were copies from the original.

Mr. BRODEUR.—No, he did not say that. He stated they were copies in part. He stated that the price was stated in the certificate and he was asked not to include that.

By Mr. Foster:

Q. This is a certificate that Dr. James signed, for instance, one of them:—

'I hereby certify that I have this thirtieth day of December, 1904, examined a grey mare, six years old, sixteen hands high, no mark; said to belong to Mr. Cunningham, and about to be purchased by the Georgian Bay Ship Canal. I consider said mare to be sound.

(Signed) 'A. E. JAMES.'

A. I never saw that certificate.

Q. That is the certificate that the veterinary sent in?

A. I never saw it.

Q. Did he send on any other certificate than that?

A. The only certificate that I saw is the one which is attached to the correspondence and was sent to me by Mr. St. Laurent, attached to his letter by Mr. Lafleur.

Q. You have not that with you?

A. I think there is a copy of it in the correspondence here.

Q. We could not seem to find it. Mr. St. Laurent was engineer in charge, he reviewed Mr. Rainboth's report and Mr. Cunningham's protest, and Mr. St. Laurent does that in a letter of April 25. He returned Mr. Cunningham's letter and he goes on here: 'However, subsequently, Mr. Cunningham sent in a declaration in due form (document attached marked "D") in which he declares that the prices he charged are fair and reasonable and just.' That was the declaration by Cunningham upon which you founded your decision in part?

A. Partly, yes.

Q. And this declaration is supplemented by a certificate from Mr. A. E. James, marked 'E,' a veterinary surgeon, who examined the horses before they were sold, and who testifies that he considers the price charged by Cunningham for them to be fair and just.

A. Yes.

Q. That bears out your statement that you saw a certificate from Dr. James as to prices?

A. Yes.

Q. Now, the certificate that Dr. James sent in to the department regarding the examination of the horses, is that of the tenor of the one I have just read?

A. No.

Q. Simply with reference to the——

A. It does not name the horses, it does not describe the horses as far as I recollect it, it simply states in a general way that the horses purchased—yes, if you will allow me, this is a copy of the certificate (referring to document):—

'87 KENT ST., OTTAWA, April 12, 1905.

'I hereby certify that I was authorized by Mr. E. J. Rainboth, C.E., to examine (nine) 9 horses, purchased by Mr Walter Cunningham for the Georgian Bay Canal survey, in December and January last.

'I considered the horses to be sound, and the prices fair and just.

(Signed) 'A. E. JAMES, V.S., Ont.'

Q. What is the date?

A. April 12, 1905. That is the only certificate I ever saw. I do not mean to say there were no others. I never saw any others.

Q. Dr. James was instructed by Mr Rainboth, who was instructed to procure these horses—Dr. James was instructed by Mr. Rainboth to examine these horses; he did so, and the certificate he handed in was simply as to the soundness of the horses?

A. Yes.

Q. And this one is on January 8, 1905 (referring to certificate)?

A. Yes.

Q. And the other on December 30, 1904?

A. Yes.

Q. (Reads): 'This is to certify that I have this 8th day of January, 1905, examined a bay gelding, six years old, off, and about 16 hands high, with the following marks, viz., star on forehead. Above-described gelding said to be the property of Mr. Walter Cunningham and about to be purchased by the Georgian Bay Ship Canal. I consider the said gelding to be sound.

(Signed) 'A. E. JAMES, V.S., Ont.'

'Remarks.—Above gelding has a soft swelling on the outside of each hind leg below hock, which although a blemish, does not in my opinion injure the horse.'

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What I want to call your attention to is this: that your engineer authorized Mr. Rainboth to purchase these horses. Afterwards, by the evidence, the engineer suggested to him that Cunningham had horses and he had better get them there, and Rainboth carried out the suggestion of Mr. St. Laurent. And when he had these horses, when they were there, he instructed Dr. James to go as veterinary and examine them, and that is the certificate that Dr. James sent in, he said this morning, to the department, and this is the copy that he sent to Rainboth. It is on the 8th day of January that he examined them, and he gives a statement simply as to the quality of the horses and the soundness, which was all his duty under the instructions from Mr. Rainboth. Now, you read a certificate from Dr. James, dated April 12, 1905. That is three months after he had examined the horses, after the transaction had taken place. Now, have you any explanation to make, as to why Dr. James gave that extra three-months-late certificate when he was not asked to do so by Rainboth, when the transaction was concluded, and the horses away in the woods for months?

A. The only explanation which I have to give, sir, is that I did not hear anything about that purchase nor about the circumstances which accompanied it until the account was laid before me to adjudicate upon the reduction which had been made by Rainboth.

Q. Did you ask for the additional certificate from James?

A. I took it that James being known to me as a veterinary surgeon in good standing in Ottawa, that he would not give any certificate of that kind and put his name to the foot of it without it being a satisfactory one.

Q. That is not the question I asked at all. I have read to you a certificate of the 8th of January by Dr. James as to the soundness, and you have read one of April 12th also by Dr. James?

A. Yes.

Q. Both as to soundness and as to price?

A. Yes.

Q. Now, what I ask is this, did you issue any instructions or order any instructions to be issued to Dr. James for the supplementary certificate including price, and which he got for you on April 12th?

A. You mean, did I obtain this certificate upon instructions that I gave or if I got that on any occasion subsequently?

Q. I will try and make my question more plain. You cannot help but understand it. I will go over it once more. On the 8th of January, Dr. James, fulfilling his instructions given by Mr. Rainboth to examine as a veterinary these horses and report, made a report with reference to these horses, in which he touched only the soundness and health and quality of the horses?

Mr. BRODEUR.—That fact is not established in that way.

By Mr. Foster:

Q. I will ask the question again. Did you give any instructions or order any instructions to be given to Dr. James which resulted in that certificate dated April 12th, 1905?

A. I did not.

Q. And you do not know of any of your officers having issued any instructions?

A. I do not know.

By Mr. Barker:

Q. I want to ask if Dr. James in January did give a certificate both as to the soundness of the horses and as to their value. What was the nature of that April 12th certificate?

A. But, Mr. Barker, I only speak for myself. These papers are sent to me in due course by the chief engineer, to whom the engineer in charge has made the report. Attached to the report of the engineer in charge is the certificate of Dr. James and

the declaration from Mr. Cunningham. I did not go—I stand by what I did, whether it was right or wrong—I did not go before or behind the report. I took it as it was laid before me, and I judged of its value. That is the judgment I reached. I never asked for any additional information one way or the other.

By Mr. Foster:

Q. What is the date of those instructions which you signed there?

A. It has no date here on the original. I would probably be able to find out by finding the date of the cheque for $100, because the cheque must have been issued about that time, or two or three days after.

Q. It was evidently after April 12th?

A. Evidently it was after the date of the St. Laurent report, which I do not see here.

Q. Well, I have that. That is April 25, 1905?

A. Yes, it would be after that, probably the last days of April or the beginning of May.

Q. Well, now, I find here the following:—

'87 Kent street, Ottawa,
'April 25, 1905.

'I hereby certify that I was authorized by Mr. Rainboth, C.E., to examine nine (9) horses purchased by Mr. Walter Cunningham for the Georgian Bay Ship Canal Survey in December and January last.

'I considered the horses to be sound, and the prices charged by Mr. Cunningham to be fair and just.

'(Signed) A. E. JAMES, V.S., Ont.'

That is Dr. James' second report on the horses?

A. The only certificate I ever saw.

Q. And that appeared on the papers without any instructions from you?

A. Yes.

Q. Or anybody else so far as you know?

A. Yes.

Q. Is Mr. St. Laurent in the department?

A. He is in the room.

Q. Oh, well, we can easily get him then. Now, Mr. Gobeil, as administrator of that department what do you think of this general proposition, when you authorize an officer of your department in good standing, such as Mr. Rainboth in charge of a district, to purchase horses and equipment, and he does it, and certifies to the value and makes his report, would you consider it a proper thing to take the affidavit of an interested party rather than the report of your own officer in the matter?

A. If I had had to act only upon the affidavit of Cunningham, if I received his word and his word made under oath, I do not think I would have touched the account at all.

Q. What induced you to touch it, was it that you had Dr. James' certificate of April 12?

A. Exactly, sir.

Q. Now, when you were looking at that certificate were you under the impression that the certificate was given at the time of the transaction?

A. No.

Q. You know it was given much later?

A. Yes, because the certificate shows that the horses were purchased in December and January and the certificate is dated April.

Q. Now, 'Ottawa, April 25, 1905,' is the date of St. Laurent's report?

A. Yes.

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Q. He returns Cunningham's letter. I have already read what he said with relation to Cunningham's declaration and Dr. James' certificate. He goes on a little later to say: 'I must, however, state that Mr. Rainboth is positive in his statement that Dr. James told him through the telephone that the prices charged for the horses were too high, and that $25 less for each horse would be about right.' You knew this at the time that you made this decision and were looking at Dr. James' certificate, and Mr. Rainboth was positive that Dr. James had told him through the telephone that the prices were too high?

A. I knew it by the statement in Mr. St. Laurent's letter.

Q. Well, what led you to put greater stress on Dr. James' statement than you would on Mr. Rainboth's statement, which was to the effect that Dr. James had at the time of the transaction agreed that the price was too high by $25?

A. Well, to tell you candidly, first it was because it was a verbal statement; second it was a verbal statement through the telephone; third, because although I am not a man that knows anything about horses, I had it in my mind that it would be very hard for any person to shave off $25 on a pair or horses worth $300 or $400.

Q. They should have shaved off more, in your opinion?

A. I think it was pretty hard to take that off a pair of $400 horses. Then, to add to that, I had on the one side the verbal statement of the officer that I did trust—because I have no reason but to trust Mr. Rainboth to the full—and on the other hand, the written certificate of a man in the profession in Ottawa who said that the prices were fair and just, and I thought I was justified in taking that written certificate instead of a verbal statement.

Q. Did you go a little further and read the next clause, or were you cognizant of the clauses in that letter?

A. I was.

Q. (Reads): 'Certificate attached given lately by Dr. James to Mr. Cunningham'?

A. Yes, I know that.

Q. That shows how that certificate came? According to that, Cunningham got this certificate from Dr. James. Would you naturally infer that Cunningham had asked him for it?

A. Yes, I would think so.

Q. Wouldn't that make it rather suspicious, when Dr. James had given his first certificate on the horses, the transaction was closed, and Mr. Cunningham provides you with a late certificate in addition?

A. It was a disputed account. Some documents had to be put in and I was judge of their value.

Q. But you took a document handed to you by an interested party?

A. No, by Mr. St. Laurent, engineer in charge.

Q. St. Laurent told you that the certificate attached came lately, and his letter shows that James had changed his opinion. Isn't it a little strange that you would pass over an officer in your department, Mr. Rainboth, whom you had no occasion to think was anything but honest and straight, pass over the judgment given by your chief engineer, Mr. St. Laurent, to the effect that this late certificate ought not to have much significance attached to it, and you would take a certificate given by an interested party and base your judgment on that?

A. There was no proof to me that the certificate was got by an interested party.

Q. It says so here. Here is the report that you had before you at the time: 'The certificate attached given lately by Dr. James to Mr. Cunningham——'

A. No, it was given to Cunningham.

Q. Given to Cunningham, an interested party. Did it not strike you that the man who was very anxious to get an account, which was exorbitant, and which ac-

cording to your officer ought not to be paid, this person goes to the veterinary to get a second report from the veterinary, supporting his case?

A. In the first place, this was not the second report to me. I do not mean to say that these other reports were not in existence. To me this report is the first report. I accepted this with the name of Dr. James as proof positive in writing that the price of the horses was a fair and just one. I preferred it, being the written report of the man supposed to know of horses, to the verbal report of a man whom I did not suppose had any more than the ordinary knowledge of what horses were. I may have made a mistake, but that is the view I had of it.

Q. Did you know that the transaction had been closed nearly three months before as to the purchase of the horses?

A. It was not closed three months before.

Q. Did you know that the purchase of the horses, that the transaction had been concluded about three months before this?

A. No, I did not.

Q. Did you not know that the horses were bought in January?

A. Well, I have told you that the latter——

Q. Just answer the question. Did you, or did you not, know that these horses were bought, and the transaction as far as that was concerned closed, and the horses sent away to their positions in January?

A. No, I did not know of that. What I knew practically was what was shown in Dr. James' certificate that the horses purchased by Walter Cunningham were purchased by him for the Georgian Bay Ship Canal Survey in December and in January.

Q. You saw the certificate was dated April 12th, three months after a certificate would be necessary for the purchase of the horses?

A. I did not know that there was any other certificate beside this one.

Q. Did you think the horses would be bought without a veterinarian's certificate?

A. There it was.

Q. But that is on April the 12th.

A. That is true, but it referred to the purchase in December and January.

Q. It refers to the January purchase, but it was dated April 12th.

A. Yes.

Q. Had you any information that at the time of the purchase the veterinary had examined the horses and had pronounced them sound?

A. That is not what I was called upon to deal with. We had the horses then; they had been purchased and delivered and sent away, and probably in the process of another month would be disposed of when the season was over. The question was one of a disputed account between the seller and the agent of the purchaser, Mr. Rainboth being our agent in that respect. There was a dispute not only as to the horses but to two or three other matters, and it was brought before me for adjustment, and I accepted the report of the veterinarian as against a verbal report.

Q. You did that, although the horses must have been examined three months before?

A. Certainly.

Q. Although he had certified that the prices were excessive, and that Dr. James had agreed with him, although your engineer in charge, Mr. St. Laurent, had called your attention to these things, and told you that there was not much reliance to be placed on Dr. James, notwithstanding that you gave the certificate of April 12 recognition, and based your judgment on that?

A. Yes.

Q. With reference to the prices, if you had not been so quick to act in favour of Mr. Cunningham, would it not have occurred to you to ask as to prices for horses bought outside of that district; outside of that particular district a lot of horses were bought; and what prices were paid for them. It did not occur to you?

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A. As a matter of fact, I trusted to that certificate. Whether my trust was well reposed or not, I trusted to the honesty of Dr. James. I knew his name, I knew his standing at Ottawa, and when he put his name at the foot of that certificate I thought it represented what he thought, and I think so still.

Q. The contest was as to the price of the horses, was it not?

A. Yes.

Q. Did you know that your department, for the same survey, was buying horses outside of this?

A. I knew that it had bought horses.

Q. It did not occur to you to inquire as to what the prices of those horses were?

A. I did not inquire.

Q. But at the same time you gave your statement there that you thought the prices were reasonable and just?

A. I gave my statement such as it is, right or wrong. I had no written statement. I had not seen the horses. I did not know anything about them. What I did is exactly what I stated in my certificate.

Q. Have you exercised a pretty close supervision over the matter of the Georgian Bay Ship Canal survey?

A. No.

Q. Who does that?

A. The chief engineer, the engineer in charge, largely, Mr. St. Laurent.

Q. You gave no personal attention to that?

A. No; with the exception of what matters were in dispute, something where the engineer would desire my opinion on matters.

Q. Did you make any intimation to the engineer in charge that these horses might be bought from Cunningham?

A. No; I was not here when they were bought. I did not know anything about their purchase at all.

Q. If you had had the curiosity to have inquired as to the prices of the other horses bought you would have found that in the case of Mr. Robert he bought his own horses,—that is, one of your engineers——

A. Yes, he is dead.

Q. He was given authority to buy horses, and he went to work and bought horses, and got them at a very much less price?

A. Possibly.

Q. It was brought out here to-day in Mr. Cunningham's evidence that he bought sleighs?

A. Yes, they are in that account.

Q. For $40 each, and he turned them over to the department and charged for them $75. They are charged for in his bill at $75. Would you consider that a fair and reasonable price?

A. Well, I allowed the reduction which had been made by Mr. Rainboth to remain.

Q. I am not asking you that?

A. I say I allowed the reduction to remain.

Q. Would you consider that a reasonable price?

A. It depends upon whether anything else at all was done to the sleighs after they were bought.

Q. There was nothing else done, and he charged $75?

A. That would be a large profit I should say.

Q. I should think it was; nearly 90 per cent?

A. Yes.

Q. Do you run your department on that basis?

A. No, sir, we try and buy things cheaper than that.

Q. Did you base your opinion in any way on Mr. Cunningham's affidavit?

A. I did to a certain extent; although as I told you before, I think I have every reason to trust Mr. Cunningham's word. I would not have changed my view of Mr. Rainboth's deductions if I had nothing more than that.

Q. You did go something on that affidavit in a certain way?

A. Yes, as one gives attention to a sworn declaration.

Q. Supposing it had been brought to your attention that he had stated in his declaration that sleighs he had bought at $40 he had sold to the department at $75, would you have had some confidence in his statement?

A. I would have had less than I had before.

By Mr. Pardee:

Q. At the time that this second certificate was brought before you, was it the time that you were adjudicating on this disputed account?

A. Yes.

By Mr. Brodeur:

Q. Did you see, Mr. Gobeil, before now these certificates or these copies of certificates which have been brought down by Mr. Rainboth?

A. To the best of my recollection I have never seen them before now.

By Mr. Taylor:

Q. Or the originals?

A. Well, nothing at all like these certificates, whether originals or copies.

Q. Mr. James says he sent them to the department?

A. They may have been sent to the engineer on the survey. When they say they send to the department they take it as an entity: it may mean to the minister or the deputy, or it may be to the engineer or deputy engineer in charge.

By Mr. Brodeur:

Q. If Mr. Rainboth received these documents when in the employ of the department, was it not his duty to send them to the department?

A. I dare say he would send them to the engineer in charge at the time; that would be the ordinary course.

By Mr. Foster:

Q. Or he might keep them in his own office himself?

A. Well, he might keep them to justify his action later on if he is called upon to do so.

Witness retired.

Mr. A. ST. LAURENT called and sworn, and examined

By Mr. Foster:

Q. What is your position, Mr. St. Laurent?

A. Assistant chief engineer of the Department of Public Works, since about two months.

Q. And before that?

A. In charge of the work of the Georgian Bay Ship Canal.

Q. Anyway you had cognizance of this case?

A. Yes, sir.

Q. Was it you who gave those instructions for the purchase of the equipment for the survey?

A. Yes.

Q. What were your first instructions to Mr. Rainboth?

A. The first instructions to Mr. Rainboth was to purchase the horses himself.

Q. Afterwards did you change that?

A. Afterwards I think Mr. Cunningham came to my office, and stated that he had some two or three horses left over that had been ordered, he said, for the Georgian Bay survey. I did not know but there had been some misunderstanding in the orders, and I remember I telephoned to Mr. Rainboth that if there was any possibility of avoiding it these horses should not be left on Mr. Cunningham's hands because they had been purchased for the survey.

Q. That was what he said?

A. Yes.

Q. That you did have horses bought?

A. Yes.

Q. There was nothing wrong about that. Well, as a matter of fact these horses were bought, and what was your first knowledge of the matter after you had delivered the instructions to Mr. Rainboth? When did it come before you again?

A. The first knowledge I had was, I think, that Mr. Rainboth spoke to me about the prices for the horses being high. I think, I remember, I told him, 'Well, if you cannot certify to the prices being fair and just reduce the account.' The result was the account that was received corrected, some deductions being made by Mr. Rainboth.

Q. And the instructions were issued to pay Mr. Cunningham on that basis?

A. Yes, the account was duly passed, and he was paid that amount?

Q. Then what happened?

A. Well, Mr. Cunningham came to me afterwards and complained of the reduction in his account, and made the claim that the whole amount was due to him. Of course I had to take note of this complaint, and had a special report made, I think.

Q. You asked for a special report from Mr. Rainboth?

A. Yes.

Q. And you received that report, and in the meantime had you seen Mr. Cunningham more than once about it?

A. Mr. Cunningham came to me twice, I think, about it, it might be two or three times, in connection with this claim. He kept pushing his claim, and I tried to be fair to him as I would be to anybody else. So I asked for an explanation about his account, and he gave me an explanation that I thought was reasonable.

Q. You thought his explanations were reasonable?

A. His own verbal explanations.

Q. But you did not act on that?

A. Oh, no, I did not act on that. I acted on Mr. Rainboth's report.

Q. When did you first know of Mr. Cunningham's affidavit?

A. Mr. Cunningham's affidavit? I cannot tell you the date it was sent to me.

Q. There was no communication sent to you by Mr. Cunningham as to his taking that peculiar way of getting his account passed?

A. Yes; as Mr. Cunningham was pushing his claim I said, 'I am prepared to report fully to the department, and you might, if you wish, send an affidavit in this connection, and I will forward it with my report.' I think I suggested to Mr. Cunningham that he send an affidavit.

Q. Is that a usual thing?

A. In order to be fair, I think that is to get at the facts, I think that is fair.

Q. Is it often done?

A. Well, I have seen it done.

Q. In your experience is it often done?

A. In my experience it has been done before, paying men on their own affidavit.

Q. Is it done often?

A. No; I think once in my own experience.

Q. It is rather a singular experience?

A. Yes, it is not usual.

Q. However, he furnished that affidavit to you?

A. Yes.

Q. Did you make any distinct recommendation?

A. The recommendation is contained in the report I sent to the department with all the papers.

Q. That seems to be there. But before that did you send in the certificates from Dr. James—there is that of April 12th?

A. No, sir.

Q. How did you get that one of April 12th?

A. It accompanied Mr. Cunningham's affidavit.

Q. You did not ask for it?

A. I might have suggested the thing to Mr. Cunningham.

Q. You might have suggested what to Mr. Cunningham?

A. That a certificate be obtained from the veterinary surgeon that had inspected the horses.

Q. As to what?

A. As to whether the veterinary surgeon considered the prices fair and just.

Q. Who did you commission to buy the horses?

A. I beg pardon?

Q. Whom did you commission to buy the horses?

A. Mr. Rainboth.

Q. You received his certificate as to the price?

A. Yes.

Q. And yet you suggested to Mr. Cunningham that he might strengthen his case by an affidavit of value, and also by getting a report from Dr. James, not only as to soundness, but as to prices?

A. Yes, as to prices, but because I thought it was natural that it should be done that way. Mr. Cunningham kept on pushing his claim, and I wanted to be fair to him as well as to others, and it occurred to me that it was a natural thing to do, to forward any statement or any paper he gave in.

Q. But did it strike you when Mr. Cunningham gave you that certificate dated April 12th, that this was a somewhat belated report from Dr. James if the transaction as to the purchase of the horses had been completed for three months?

A. Well, no, because it was occasioned, I think, on account of Mr. Cunningham pushing his claim, and we were trying to come to some conclusion.

Q. Did you ask for any preceding certificate that had been given by Dr. James?

A. No, I did not ask for any. I knew I had told Mr. Rainboth to have the horses inspected by a veterinary surgeon.

Q. And you knew that Dr. James was that surgeon?

A. I knew that Dr. James was that surgeon.

Q. Yet you never asked for the original certificate by Dr. James?

A. No; I did not know of any certificate before.

Q. You never saw it?

A. No, I never saw it.

Q. And you suggested it would strengthen Mr. Cunningham's case if he got this belated one?

A. He told me the prices were fair and reasonable, and I had no reason to doubt that.

Q. Did you consider Dr. James' second certificate as being a very valuable one?

A. I took it in view of Mr. Rainboth's positive statement that the certificate lost some of its value.

Q. As you say here, 'No great value can be attached to that certificate,' you stand by that?

A. Yes, I stand by that.

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Q. You knew Mr. Rainboth, and you considered him an honest officer?

A. Yes, I thought he was fair, and I trusted him anyway.

Q. So that in reference to this solemn declaration given by him, these are two paragraphs at the last, 'the certificate attached, given lately by Dr. James to Mr. Cunningham, shows that he changes his opinion, and no great value can be attached to that certificate.' Then you say in reference to the solemn declaration of Mr. Cunningham that his prices are fair and reasonable, but you do not go on to recommend; you say, 'kindly advise me what is to be done in relation to the matter'?

A. Well, that was a proper decision for me to take.

Q. You threw it all on the chief engineer?

A. On the chief engineer.

Q. And what was the action of the chief engineer?

A. I think the report he made was that it was a case to be transmitted to the deputy minister.

Q. You do not seem to have Mr. Lafleur's report?

A. It may have been handed, as it is often done, to the deputy minister for consideration.

Q. You made a note and examined the items in the account with reference to which Mr. Rainboth had made this allowance?

A. Well, I had looked over all the items, yes.

Q. Did you take the sleigh matter into consideration?

A. Yes, I took it into consideration.

Q. Did you ask Mr. Cunningham what those sleighs had cost him?

A. I do not think I had any right to ask him that.

Q. No?

A. It is not a usual thing. I would not dare to ask a man how much it cost him.

Q. Owing to the testimony by Mr. Cunningham here, who swore here to-day that those sleighs cost him $40 and he billed them to the department for $75, it is natural to ask that with all your years of diverse experience that occasionally you may run up against a man who puts in a pretty extravagant account that it is well to dig into just a little. Would you consider that a fair profit?

A. Oh, well, I would consider it a very high profit indeed.

Q. A very inordinate profit, of course, that is the fact of the case?

A. But he was not paid that price.

Q. Oh, no, but that is what he swore to as being a fair and reasonable price?

A. Oh, well, of course I take any man's affidavit as to what he may believe.

Q. You think you should not go behind that. There must be some limit even to a man's affidavit if credibility is not there?

A. Well, I do not know.

Q. If you found he was charging double or three times, and then swore that was a fair price, you would be apt to doubt his veracity?

A. Of course I do not know if the government prices were that way.

Q. As a matter of fact you did not look into the special items to find out there was no cut on what he was charging?

A. No, sir.

Q. Have you had a great many dealings with Mr. Cunningham in connection with the Georgian Bay?

A. No, I do not think I have had any direct dealings except this case that was referred to me.

Q. Had he been supplying the department in that respect in previous years?

A. I could not say, he may have.

Q. But not so far as your experience goes?

A. No, I would not know.

Witness discharged.

Mr. A. St. LAURENT.

Mr. E. LAFLEUR called and sworn, and examined

By Mr. Pardee:

Q. What is your position in the Public Works Department?

A. Chief engineer.

Q. Do you recollect Mr. Rainboth?

A. Yes, sir.

Q. He was employed by the department on the Georgian Bay Ship Canal survey?

A. He was.

Q. Do you recollect him coming, at one time, to the department relative to Mr. Cunningham's account?

A. I have a recollection of something about it, yes, sir.

Q. He saw you and Mr. Gobeil about it did he not?

A. Yes, sir.

Q. Do you recollect what he said to you at that time; what the conversation was?

A. Well, there was some difficulties about the settling of the accounts, some reductions in some accounts for sleighs, robes and horses.

Q. And that was the matter under discussion?

A. That was the matter under discussion.

Q. And the discussion was as to the prices which had been charged by Mr. Cunningham as against prices Mr. Rainboth thought ought to be paid?

A. That Mr. Cunningham wanted to be paid.

Q. Then at that time was there some conversation relative to a fur coat?

A. I cannot remember.

Q. You cannot remember?

A. Not distinctly, no.

Q. Do you recollect Mr. Rainboth saying anything to you in reference to a fur coat?

A. Certainly not.

Q. He certainly did not say anything to you?

A. No.

Q. If he had done such a thing you would have recollected it?

A. Certainly.

Q. Because he claims that this coat of which we have the invoice was sent to him as a bribe. You recollect nothing whatever about the invoice, and if it had been shown to you you think you would have recollected it?

A. Yes.

Q. Was there any trouble with Mr. Rainboth in the department as a reason why he resigned. I understand in conversation with Mr. St. Laurent that there were certain difficulties between him and Mr. Rainboth which might have lead to Mr. Rainboth's resignation?

A. There was trouble at the time.

By Mr. Foster:

Q. Will you swear positively that Mr. Rainboth did not call to your attention and to the attention of the deputy minister the matter of furs? You swore you had not any recollection?

A. I had no recollection of it.

Q. Will you swear positively that he did not?

A. As I have no recollection, I cannot swear either one way or the other.

Q. This is as far as you can go?

A. That is as far as I can remember.

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Q. When you got the report from Mr. St. Laurent with reference to this matter what was your opinion?

A. If you will allow me to see the account it might perhaps help me to remember (witness peruses account). I do not think I had any direct connection with the settlement of this account.

Q. You did not consult with the deputy minister in connection with it that you can remember? Have you any recollection of his calling you in, and that you were being consulted by him as to the matter?

A. As to values, no.

Q. Or as to whether Mr. Rainboth's disallowance should be withheld or whether Mr. Cunningham's affidavit and Dr. James' certificate should be recognized?

A. There may have been some conversation of that kind, and I think Dr. James' name was mentioned in the matter.

Q. What it was though you do not clearly remember?

A. Just this, that the department and the officers were rather willing to take, in the matter of horses, a veterinary surgeon's certificate rather than that of a civil engineer.

Q. Both as to the quality of the horses and the prices?

A. As to the prices.

Q. Even though the certificate was given three months after the transaction?

A. Well, I inferred at the time that Dr. James had examined the horses when they were purchased, and that the action was taken accordingly.

Q. He examined the horses, you know, in the early part of January, and this certificate was dated on April 12th, and was asked for by Mr. Cunningham and given at his request.

A. Of that circumstance I was not aware.

Q. You were not cognizant of it?

A. No.

Q. I think I understood you to say that you do not recollect that you submitted the dispute to the deputy minister and conferred with him about it?

A. No, I do not.

Q. That may have been done?

A. By Mr. St. Laurent himself or by the deputy minister calling somebody's attention to it.

Witness retired.

Mr. A. GOBEIL recalled, and further examined

By Mr. Brodeur:

Q. Did you have any conversation with Mr. Lafleur with regard to this account?

A. I did.

Q. What was the nature of it?

A. Well, we discussed it together, in the same manner as we discuss all reports that I have before me on which I have to make a decision or on which I have to report to the minister—a general discussion. But we conferred about the matter—I am not prepared to say how far, but we did confer.

By Mr. Foster:

Q. Mr. Lafleur does not recollect that?

A. I want to say this, that whilst Mr. Lafleur does not remember I do remember.

Q. Will you swear positively that Mr. Rainboth did not mention the matter of that transaction with the furs with Cunningham to you?

A. I am not prepared to swear that, because I believe he mentioned something about that.

Q. You are not quite prepared to go as far as that?

A. He mentioned something.

Q. Are you quite sure that he did not show you the invoice?

A. Absolutely. That is, I have made an attempt and thought hard over it to try and recollect whether he showed it to me, and my recollection is that he did not.

Q. Your recollection does not bear you out in saying he did?

A. No.

Q. But that he mentioned something?

A. I recollect that he did mention something. I have some reason to remember that he did mention furs.

Q. Would not that be a rather important thing to a deputy minister if one of his officers came to him and intimated to him that a person with whom the department had dealings had put in his way a valuable set of furs or a coat, or something of that kind, which led him to suppose that it was a sort of 'sweetening' of the account?

A. My opinion at the time was that there was a quarrel between Mr. Rainboth and Mr. Cunningham. I did not investigate it, but I thought from the way Mr. Rainboth talked there was some bitterness between the two.

Q. Supposing you were buying from a certain person, and before the accounts were paid, or ordered to be paid, he had sent you a coat for nothing, or next to nothing, would you consider you had cause for quarrel against him?

A. Of course. I do not know that I have to say anything about that. I only say what occurred to my mind at the time, and I thought really by the way Mr. Rainboth talked that there was some bitterness between him and Mr. Cunningham, but independently of that, what I had to determine was as to whether certain prices should be paid or as to whether certain other prices should be paid. I was asked to act in a judicial manner, having the proof put before me, to see how far that went to justify certain charges that had been made.

Q. You did not go into the matter with Mr. Rainboth after his suggestion?

A. I spoke to him; he was in my office.

Q. You did not follow it up any further?

A. No, because I had found by the papers before me, and made up my mind as to what my judgment would be.

Q. Did you not think here is an officer comes into your department with a disputed account and intimates to you that this man who has sent in the account had tried to bribe him, because that is what would be the result of it?

A. It was hardly that; it would not go as far as that.

Q. Well, offered him a gift.

A. Because if Mr. Rainboth had told me that absolutely I would not have handled that account at all.

Q. But if Mr. Rainboth said anything to you about it, according to your recollection, he must have told you that this coat came to him unsolicited?

A. No, he did not speak of a coat nor that it came to him.

Q. Or furs?

A. Or that they came to him. The impression that I got was that Mr. Rainboth was speaking in a very hazy manner of some offer that had been made to him by Mr. Cunningham, but he did not come down to any point at all where he said it had actually been done, nor anything of that kind.

Q. Did you ask him?

A. No.

Q. You did not?

A. No, I did not.

Q. You were not anxious to know whether any person dealing with the department

and having an account which he wanted to get settled had used any tricky means in order to get that account settled?

A. I did not ask Mr. Rainboth any further questions.

Q. You did not wish for it; for further information?

A. I do not believe I have had that experience in the 34 years I have been in the service.

Q. You discouraged that?

A. Well, my early training would continue with me now. I got my early training years ago.

By Mr. Brodeur:

Q. When Mr. Rainboth had conversation with you, and talked this matter over with you, did he ever mention to you that he had asked Mr. Cunningham to purchase him a coat for himself without charging him any commission or profit?

A. Did Mr. Rainboth?

Q. Yes?

A. No, he did not go into details at all.

Witness discharged.

Committee adjourned.

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

CONCERNING

PAYMENTS FOR COAL

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1906

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
JULY 7, 1906.

The Select Standing Committee on Public Accounts beg leave to present the following as their twelfth report:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to payments to James Buckley, as set out at pages P—55 and 105, and V—161, and to Wm. H. Stephenson, as set out at P—58, of the Report of the Auditor General for the fiscal year ended June 30, 1905, and in connection therewith have examined witnesses under oath, and for the information of the House report herewith the evidence given by such witnesses and the exhibits filed; and your committee recommend that the same be printed.

WILLIAM ROCHE,
Acting Chairman.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
WEDNESDAY, May 2, 1906.

The Select Standing Committee of the House of Commons on Public Accounts met this day at 10.30 o'clock, a.m., Mr. Belcourt in the chair, and proceeded to the consideration of the accounts of James Buckley as set out at P—55 and 105, and V—161, and the accounts of Wm. H. Stephenson as set out at P—58, of the Report of the Auditor General for the fiscal year ended the 30th of June, 1905.

JAMES BUCKLEY called and sworn, and examined

By Mr. Northrup:

Q. You are Mr. James Buckley, of Prescott?
A. Yes, sir.
Q. What is your business, Mr. Buckley?
A. Coal dealer.
Q. You have had some dealings with the Dominion government, I believe?
A. Yes.
Q. Selling coal to them?
A. Yes.
Q. I see your name in the public accounts for a certain amount that you sold them last year?
A. Yes.
Q. Tell me just how you came to sell that coal?
A. Which department do you mean?
Q. We will take Marine and Fisheries first?
A. I went to the late minister, Mr. Préfontaine, when I found they required coal and saw him.
Q. And what arrangement did you make with him?
A. The arrangement was that there would be a certain amount of coal required there, they had to coal their boats at the different ports when they were in, and he would take some from me.
Q. This was in Ottawa that you saw Mr. Préfontaine?
A. Yes.
Q. And he agreed that the government would take certain coal from you?
A. Well, he said that they would require it, they would need some coal there, they had to coal at every place where the boats were docked.
Q. I would infer that that day there was no bargain made for any particular amount of coal?
A. No.
Q. Any price?
A. Oh, yes, he asked me the price. I told him the price. He said of course I had to sell it as cheap—the going price for whatever quantity they would want.
Q. Just tell me, was that the sum total of the conversation you had with Mr. Préfontaine, did you not name the price for the coal?
A. No, we parted at that. He said he would advise the depot at Prescott.
Q. To buy coal from you?
A. Yes.

Q. And you agreed to sell it?

A. Yes.

Q. This was the end of the conversation?

A. Yes.

Q. What next took place?

A. The boats came and took some coal if they wanted it. I have got an abstract here from my books to show the quantity, duties and everything.

Q. We will come to that later on. How did this conversation with Mr. Préfontaine end? The boats were to come to you and take all the coal they wanted?

A. Yes.

Q. No further conversation with anybody?

A. No.

Q. Any tenders called for?

A. No. At that time he said that the matter was in its infancy and they did not want to make any tenders for they had to coal at different ports.

Q. And so with regard to the Marine Department that is the only bargain you had for the sale of coal?

A. Yes.

Q. And no price was mentioned, but you were to let the department have it at current rates?

A. Oh, yes. I told him the rates, he asked me the price.

Q. What did you tell him?

A. $6.50.

Q. For what kind of coal?

A. For hard anthracite coal, and then $5 for the other.

Q. That is, $6.50 for anthracite and $5 for the soft coal?

A. Yes.

Q. And he was satisfied?

A. Oh, yes.

Q. Were these the current prices in Prescott?

A. Yes.

Q. There was no other bargain with anybody, but the boats began to coal there?

A. Began to coal there,—well, the boats began to coal, and there was some sent to the depot too; soft coal to the depot and hard coal to the boats—same hard and some soft to the boats.

Q. By depot you mean the works?

A. The marine depot.

Q. So on the strength of that conversation you began to send coal to the depot and to coal the boats?

A. Yes.

Q. No other conversation with anybody?

A. No.

Q. How did you know when to send to the marine depot?

A. An order came from the marine depot.

Q. Who sent it?

A. It would be from whoever was in charge. I forget who was in charge.

Q. Have you anything there to show who it was?

A. No, I do not know. Afterwards they sent in a requisition I think. They ordered by 'phone the first time. They were just starting then. Now they send a requisition for everything the government gets.

Q. Then without any bargain on your part with the marine depot they began to order by telephone?

A. I made the bargain here, and the minister said he would notify them.

Q. Exactly?

A. Yes.

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Q. I am asking you if there was any bargain between you and the marine depot?
A. No. I did my business here at Ottawa.
Q. When you first began to deal with the marine depot they ordered coal by telephone and you sent it?
A. Yes.
Q. Have you any papers there to show me when they began to give you reguisitions for coal?
A. No, I do not know as I have here, because——
Q. You were ordered to bring them too?
A. No; at first they did not send any requisition, and I do not know exactly when they started.
Q. Cannot you find the date when the requisitions came?
A. I have got it all down here, all the coal I delivered to them from the first, the price and everything.
Q. In the meantime I would like to know when they began to send you requisitions?
A. That would be, I think, in 1905.
Q. Have you any of those requisitions?
A. No.
Q. What became of them?
A. Sometimes it was just simply an order, deliver a boat so much.
Q. What became of the requisitions?
A. I do not know, I suppose they are in my office.
Q. You were told to bring all papers?
A. Yes—well that is true that I had it down here; I supposed it would never——
Q. Then I suppose that you have these original requisitions in your office?
A. Well, some of them. There were not many, except this last coal that they got. At first they did not send requisitions. The boats would come in and put on so much coal.
Q. Can you tell me when they began to give requisitions?
A. In 1905.
A. About when in 1905?
A. I cannot tell you exactly when. The boats did not use to have requisitions.
Q. You are speaking now of the marine depot. They began to send you requisitions some time in 1905?
A. Yes.
Q. You don't know when?
A. No.
Q. And have not brought them with you?
A. No.
Q. Have you brought any of the original papers or books?
A. Yes, I have got my book, and I have an abstract which is a correct statement out of my books, as I thought it would be handier.
Q. This (referring to document) is a statement showing what coal the government got from you, and to whom it was delivered apparently?
A. Yes.
Q. Now, so much for the requisitions from the marine depot. As to the boats, did you have any requisitions from them.
A. No, not at first. They began laterly to send requisitions.
Q. How did you deliver coal to the boats—to anybody that asked for it?
A. The captain would say he required so much coal.
Q. Whatever the captain asked for you gave?
A. Yes.
Q. And the coal was weighed?
A. Yes.

Mr. JAMES BUCKLEY.

Q. And put in the boats?

A. Yes.

Q. Did you get a receipt from the captain?

A. No, the captain generally took the bills when he got the coal and took them to the office.

Q. You would give the captain the bill for the amount of coal you are charging for?

A. Yes.

Q. And you would get nothing back from the captain?

A. No, there were four bills made out generally. The captain got one and the other three were sent to the marine depot at Prescott.

Q. You would make out four bills?

A. Yes.

Q. And you gave one to the captain and sent the others to the marine depot?

A. Yes, or he would take them up himself.

Q. Then as to the coal sent to the marine depot, was that delivered in the same way, were the bills made out in duplicate?

A. No, we sent the coal bills ourselves to the depot from the office.

Q. When you would receive an order from the depot you would send coal?

A. Yes.

Q. And you would send up the bill, four copies of it?

A. Yes.

Q. Would you get from the marine depot a receipt to show that they had received the coal?

A. No.

Q. Nothing came from the government side?

A. No.

Q. And when you gave the captain this bill, you only gave him one copy?

A. Yes, and the rest were sent up to the marine depot; sometimes he would take them himself, if he was going up to the office.

Q. If he was going to the government office?

A. Yes.

Q. Otherwise you would send up the other three?

A. Yes.

Q. So that I think we understand there were four bills in each case?

A. Yes.

Q. All made up in your office?

A. Yes.

Q. And no receipt obtained from the department either at the depot or on the boats?

A. No, sir.

Q. What check was there on the amount of coal supplied to these boats?

A. What check?

Q. Yes, what check?

A. The captain would see that he got the quantity of coal.

Q. The captain would see that he was getting the amount charged?

A. It was weighed right there, and in the presence of the mates, or whoever they designated to check it.

Q. You are prepared to say the quantity was always delivered as it was weighed?

A. Yes.

Q. Whether it is one ton or ten tons?

A. Yes, always there.

Q. When you sent the coal to the depot, how about that? Who checked your charge there?

APPENDIX No. 3

A. It has got to be carted from the bonded warehouse where it is kept. It is weighed by me, and weighed up there, too, on our scales and their scales.

Q. Was there ever any difference?

A. They generally always made a little more than I did, on their scales.

Q. That was your experience? Did they credit you with the difference?

A. No, they did not. They were charged whatever it weighed on our scales, no matter whether it weighed 100 or 200 or 500 pounds over, whatever the case might be.

Q. Now, when you spoke with Mr. Préfontaine about the price you would charge, was anything said about the duty on coal, at that time?

A. No, there was nothing said. All the coal that I delivered to the marine depot I presume I paid 53 cents a ton duty, but all the coal that was delivered to the boats there was no duty paid, because it was exported free warehouse.

Q. I was coming to that. My question was, when you spoke to Mr. Préfontaine, I ask you was any reference made to duty on coal?

A. No, nothing was said about it. That is the regular rule, with all the boats on the river.

Q. You agreed to let them have coal at current prices?

A. Yes.

Q. You have coal at Prescott still?

A. Yes.

Q. And are selling to the people there?

A. Yes.

Q. And the price you charged to the government was the same price?

A. Yes, the same price.

Q. At which you sold coal to the people of Prescott?

A. Yes, it is the same price.

Q. Any coal you sell to the people of Prescott you pay duty on it?

A. Yes.

Q. And coal sold to the government you do not pay duty on it?

A. No; they only paid $4.50 on coal for the depot. Where duty had been paid they paid $5.

Q. Then if I find in your statement here anthracite coal at $6.50, what am I to think about that?

A. That is hard coal.

Q. You charge $6.50 there; there is no duty on that?

A. No.

Q. You charge $6.50—that is the same the people of Prescott paid?

A. Yes.

Q. What did you charge for bituminous coal?

A. $4.50 to the boats and $5 to the depot.

By Mr. Brodeur:

Q. There is no duty on hard coal?

A. No.

By Mr. Northrup:

Q. When you came to sell to the boats, you did not sell any at higher prices than $4.50?

A. No.

Q. When you sold to the boats at $4.50 it was the current price at Prescott for that kind of coal?

A. With the duty off, $4.50.

Q. With the duty on, $5?

A. Yes.

Q. So that you say that the government got the benefit of the duty?

A. For what the boats got?

Q. You sold to the government at the same price as the people of Prescott?
A. Yes.
Q. When you sold to the people of Prescott who delivered it from the dock?
A. We delivered it with our own teams.
Q. When you sold to the government boats who took the coal from the docks?
A. They did; we had to deliver——
Q. Under expense to you?
A. Oh, yes; we had to take it from the shed and screen it and take it out to the boats.
Q. You delivered it on the boats when the government bought it?
A. To the side of the boat.
Q. And to the people in Prescott when they bought it?
A. Yes.
Q. Would you consider that the one was as expensive as the other?
A. About that, there is not much difference.
Q. Did you pay the duty on this coal that you had in Prescott as it came in?
A. No; it was put in ex-warehouse.
Q. All your coal was in ex-warehouse?
A. Yes, all the soft coal, and then it was taken out. The boats—the Marine and Fisheries boats,—it is the rule with all boats, the captains make out the export entry and clear it at the customs-house, everything that is out of bond.
Q. You warehouse all the soft coal that comes in?
A. Yes.
Q. Some was sold to the depot, some to the people and some to the boats?
Yes.
Q. You take it out of the warehouse as you sell it?
A. Yes.
Q. All that went on the boats you did not pay duty on?
A. No, not on what went on the boats.
Q. The other, you pay duty on?
A. Have to pay duty on it, yes.
Q. What check had the government as to the coal that went on the boats?
A. There was the captain and a man there, to weigh every pound of it.
Q. I mean as to the duty, what check was there as to the duty?
A. They have to make an ex-warehouse entry.
Q. Who has to make that?
A. It is signed by the captain.
Q. The captain of every boat?
A. Of the Marine and Fisheries or any other boat.
Q. He had to make a warehouse entry?
A. To make a warehouse entry.
Q. That he was taking so much coal out?
A. Yes.
Q. Was there a customs officer to see how much was taken?
A. Pretty much all the time.
Q. If he happened to be there, well and good.
A. Oh, no.
Q. Was there any customs officer there all the time watching the coal?
A. Not standing there directly all the time, but he would come down and attend to it.
Q. Was there anything to prevent you taking out coal whenever you wanted to?
A. Why, no.
Q. So that the check that the government had depended on the honesty of yourself and the captains of the boats?
A. No, they were not. An official was there.

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Q. Was there any government official there, to check all the time?

A. This coal is not locked up, none of it. It is put on the wharf, and when a boat comes in for coal, the officer would come down and say: 'How much coal is wanted?' Sometimes the boat was ordered to put in five-ton or ten-ton piles.

Q. There was nothing to prevent you taking out, at any time you wanted to do it, coal from that bonded warehouse?

A. No.

Q. And the only check that the government had as to the duty was the honesty of that captain of the boat?

A. Look here, there was so much invoiced in, and there would have to be an account of how much went out, of how much was taken out, and the captains have to make an affidavit, all captains, stating how much they took out. Whatever was not taken out there, ex-warehouse, there had to be a duty paid on it, so that there was no absolute requirement for the officer to be there all the time.

Q. Let us understand, the only check the government had as to the duty being paid on that coal depended on the affidavits made by the captain?

A. Yes.

Q. That was the only check you understand?

A. Yes, sir, that was made before a customs officer, who signed the papers.

Q. You brought in whatever soft coal you required?

A. Yes.

Q. You did not pay any duty on it when it came in?

A. No, we put it in bond.

Q. Then you ship whatever you like by boat?

A. Yes.

Q. And the captains that took it out had to put in affidavits of the amount they got?

A. Yes.

By the Chairman:

Q. Before the customs officer?

A. The affidavit was made before the customs officer.

By Mr. Northrup:

Q. And these affidavits and the amount left in the warehouse would be the only check the government had?

A. That is all they require.

Q. That is not what I am asking, that is all they had?

A. Yes.

Q. You are quite sure there were not other checks than these?

A. Not that I know of.

Q. You sold to other boats beside the government boats?

A. Yes.

Q. At the same price?

A. Well, sometimes we got a little more.

Q. Sometimes you got a little more?

A. Yes.

Q. And do I understand the facts to be that any boats coming up the St. Lawrence can go into Prescott and buy this soft coal free of duty?

A. Yes. You see at Ogdensburg, that was arranged by the government, because they could go in there and buy free of duty, and the government made this arrangement at Prescott so as to keep the trade in Canada, so that they would not have the boats going to Ogdensburg for coal.

By Mr. Fielding:

Q. I think it applies to international boats and not to other boats.

By Mr. Northrup:

Q. You told me that any boat that came up the river could coal with you without paying the duty, is that correct?

A. Yes, that is correct.

Q. Any boat; all that you required was that a boat was there and wanted coal, and it got it?

A. Yes, because you cannot come up the river without going into international waters.

Q. That is a fact. I do not wish to put words in your mouth that you do not use, but any boat that is coming up or down the river and stops at your dock can receive coal, and on that coal no duty is paid?

A. Yes, because if they had to pay the duty they would go into Ogdensburg and get it 53 cents cheaper. They had been doing that, and I brought it to the attention of the government that we were losing our trade to many Canadian steamers, and it took two or three years to get it fixed; so that any boat can come into Prescott and get it, and not have to go to Ogdensburg, where they could get it 53 cents cheaper and sometimes 75 cents.

Q. In any of these dealings which you had with the government for coal were tenders asked for, or was it only in conversation?

A. There was no tender, because the government did not know what quantity they wanted.

Q. Were you the only coal dealer there that could sell to the government?

A. No, there were two others. There was one there besides myself that had a wharf.

Q. Who was that?

A. Mr. Perkis. He had a wharf.

Q. Who else sold to the government besides you?

A. Mr. Stephenson; he is right in the room here.

Q. Before making arrangements with the government as to the price that should be charged, did you arrange with Mr. Stephenson as to the price to be charged?

A. No, sir.

Q. Was there any conversation at all about it?

A. No conversation at all.

Q. As to selling coal to the government?

A. Yes, sir.

Q. Are you quite clear the only conversation you had with anybody——

A. About which?

Q. Your selling coal to the government was the original conversation with Mr. Préfontaine?

A. That was what started it, yes.

Q. Was there any subsequent conversation with any official on which you sold coal?

A. Not that I remember just now.

Q. So that whatever your rates were it was based on conversation with Mr. Préfontaine?

A. Yes.

Q. You are quite clear that you had no other arrangement of any kind with any officer?

A. Not in regard to that coal I sold the first time.

Q. With any other coal?

A. Since that there has been a tender, since that time, if you are going into that.

Q. I am speaking of all the coal you had been selling since that time?

A. Up till to-day?

Q. I do not care about it, since the 30th of June, 1905?

A. The only conversation I had was with the minister.

Q. You are referring to coal you sold up to June, 1905?

A. Yes, for coal since that time, for tender, I want to make an explanation. I tendered and got the contract for the coal since.

Q. How does the price you are selling at now compare with the other price?

A. Well, there was a whole lot of people put in for it, and I was not going to lose the trade, so that I cut down low.

Q. What is the price at which you are selling coal to the government now?

A. $4.10.

Q. That is for soft coal?

A. Yes. I did not want to lose the trade; but I am not making anything out of it, in fact I am losing money on it.

Q. How about this contract you have now with the government; do you pay duty?

A. No, well, no, I do not expect to pay duty.

Q. Is there any arrangement as to that?

A. Yes; the arrangement as far as that is concerned is that I have an application in order to have that made free, to have it passed out ex-warehouse.

Q. When you gave a tender, you tendered at $4.10?

A. Yes.

Q. And without any arrangement as to duty?

A. No, without any arrangement as to duty.

Q. Did you expect the duty would be allowed?

A. I expect it will be allowed, if the government chooses to do it; but I do not know whether they will do it or not.

Q. You tendered in response to public advertisement?

A. Yes.

Q. And nothing was said in that as to whether duty was to be paid or not? But you tendered counting that you would be exempted from duty?

A. No, I did not; but I do not think they ought to charge me the duty; but they have not done anything yet.

Q. That would be on the coal supplied to the depot?

A. Yes, to the depot.

Q. I suppose your application to have the duty remitted was made in writing, was it?

Mr. BRODEUR objected to evidence relating to expenditures for the current year.

The CHAIRMAN upheld the objection.

By Mr. Northrup:

Q. As to this application you made to the government, was that since June, 1905?

A. I made no application to the government for rebate, but I think I will do so.

Q. Well, when you said a few moments ago that you had applied to the government——

A. I did not say that.

Q. This tender that we have been speaking of at $4.10, that is since June, 1905?

A. Yes.

Q. There are several large industries in Prescott, are there not?

A. Yes.

Q. There is the Wiser's distillery?

A. Yes.

Q. Do you happen to know where they buy their coal, at Prescott or across the river?

A. Across the river.

Q. There are some waterworks in Prescott owned by the town?

A. Yes.

Q. Where do they buy?
A. From there, too.
Q. There is a large sugar or starch factory, where do they buy their coal?
A. Over there, and sometimes from me.
Q. Sometimes from you?
A. Yes, when they run short.
Q. But they buy from the other side?
A. Yes.
Q. Are there any other large industries there?
A. The elevator.
Q. Where do they buy it?
A. From me.
Q. They do not buy across the river?
A. No.
Q. Messrs. Wiser and the town and the Starch Company all buy across the river?
A. Yes, the starch works, if they run out, buy a little occasionally from me.
Q. Is there any particular reason why they do buy across the river?
A. They buy a vessel load, you know, and it is brought in and put in bond.
Q. Do they buy it cheaper?
A. They buy it cheaper.
Q. I suppose the government could have bought it cheaper, too?
A. I do not know.
Q. As a matter of fact, do you not know the government could have bought coal cheaper if they had bought it at Ogdensburg, the same as the other large buyers could have bought?
A. I do not know that they could, I cut it down so that they did as well as they could have if they had gone over.
Q. You see, you are giving your evidence, let us have it right. I understand your evidence to be that the government could not have bought their coal any cheaper if they had bought it at Ogdensburg, as Wiser and the other people do.
A. Yes.
Q. That is your evidence, there is no mistake about that?
A. Which, that the government could buy cheaper?
Q. That the government could not have bought their coal any more cheaply by going there, as Wiser and the others did, than they bought it from you?
A. I could not tell what they would pay exactly over there for it, but you see these people have their coal brought right over there on their premises and put in bond. Well, the little quantity that the government gets, they might have got it a little cheaper, if they had done that, if they wanted to take the trade and give it to the United States.
Q. To get back to my question, do you now say that the government could have bought it a little more cheaply in the United States?
A. I believe they could, a little.
Q. If the government had bought it they would not have had to put it in bond?
A. Yes, they would have had to put it in bond and arrange with the customs.
Q. The government would have had to put it in bond?
A. Yes.
Q. This coal that you sold to the government, was that Nova Scotia or American coal?
A. It was American coal.
Q. So that it would not have made very much difference to the people of this country whether the government bought it direct from Ogdensburg or bought it from you?
A. They get a better quality of coal there.
Q. You are the only one it made a difference with?
A. Yes.

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Q. You told us a little while ago about the checks or want of checks in the sales because you were on very good terms with the officers of the department down there, were you not?

A. Oh, yes.

Q. Do you ship any coal from Prescott to Ottawa?

A. Yes.

Q. To people in Ottawa.

A. Yes.

Q. To any officers of the department at Ottawa?

A. I shipped one carload of coal to one of the officers of the department. He wanted some coal; telephoned me from Montreal to know if I had any furnace coal, and to ship one carload of coal to Ottawa. He paid me for it.

Q. You shipped one carload of coal to him?

A. Yes, the same as I would to any man.

Q. Who is this officer?

A. The deputy minister.

Q. His name is Lt.-Col. Gourdeau?

A. Yes.

Q. The deputy minister telephoned you from Montreal to ship him a carload of coal?

A. He asked me if I had any furnace coal; I said yes, and he said to ship it to Ottawa.

Q. How much was there in the car?

A. About 30 tons.

Q. When he called you up, he asked you to ship it; give us precisely what his words were?

A. He telephoned me, and asked if I had any furnace coal. I told him 'yes.' He said, 'Load a car and send it to me at Ottawa.'

Q. That is the whole conversation?

A. That is all the conversation.

Q. Try and recollect. I do not want to put words in your mouth?

A. Yes.

Q. You were called up by the deputy minister, who was in Montreal?

A. Yes, sir.

Q. He asked you if you had any furnace coal?

A. Yes.

Q. You said you had?

A. Yes.

Q. He asked you if you had furnace coal?

A. Yes.

Q. And you said you had?

A. Yes.

Q. What was said then?

A. He said: 'Load a car and ship it on and send the bill with it.'

Q. Was that the whole conversation?

A. Yes, that was the whole conversation.

Q. When was this?

A. September.

Q. In September?

A. That must be later, the end of August.

Q. In what year?

A. 1905.

Q. And that was the whole conversation over the wire?

A. That is the whole conversation.

Q. Was that the first time you had conversation with him?

A. No; he bought a car before that.
Q. When was that?
A. 1904, about the same time.
Q. Under what circumstances did he order that?
A. He ordered that from Ottawa.
Q. How?
A. By 'phone.
Q. Was that the first time you had met this gentleman?
A. Yes, sir.
Q. What month was that?
A. About the same time of the year, in September.
Q. When did he pay for that?
A. October 1st, for the first car.
Q. October 1st, that summer?
A. Yes, and the next car on September 28th; he paid me in cash.
Q. That is to say the same month it was sent?
A. Yes.
Q. What price did you charge him?
A. $6.50.
Q. It was hard coal, I suppose?
A. Yes, sir; and then there was freight on it to Ottawa, $5.95, the same as the boats were paying at that time, and the freight—he had to carry it to Ottawa.
Q. That is to say he paid you $6.50 on hard coal?
A. Yes.
Q. And the freight to Ottawa?
A. Yes.
Q. How much freight?
A. $15.68 on the first car and $16.80 on the next car.
Q. He, himself, had to get it delivered from the car to his house?
A. Yes, sir.
Q. Both these cars were shipped to the deputy minister?
A. Yes.
Q. Both these cars were consigned to him, were they?
A. I think not. I think he said his man would attend to it in his absence, and I think it was consigned to his man, one of them, but which car it was, whether the first or the last, I do not know, but one was consigned to the man who was working for him. I am not positive whether it was shipped to him or his man.
Q. To the man that works at his house?
A. The man that attends to the door there.
Q. At his own private house?
A. Yes, so that he could attend to it, I suppose.
Q. Do you know whether both cars were consigned to the minister or whether one was consigned to his man?
A. I think one went direct and the other went to his man.
Q. You do not know the name of the man?
A. No, I do not.
Q. Would you remember the name if you heard it?
A. No, I do not know as I would.
Q. Was the name Archambault?
A. No, I do not know, it is the man that minds the door in the department. I think that one car was sent up to him.
Q. A moment ago you said it was the man that tended the door in his private house?
A. No, it was the man that attends the door in his office.
Q. A car was sent to the man that attends the door in the deputy minister's office?

A. Yes.

Q. Can you tell whether it was Joseph Archambault or not?

A. I do not remember.

Q. How did you come to send a car to this man Archambault?

A. That was the order.

Q. I ask you particularly about that conversation, to give me the whole of the conversation. You did not give the whole of the conversation.

A. That was it.

Q. Let us see again. The deputy minister called you up from Montreal?

A. Yes.

Q. Can you give me the whole of the conversation, you left out a part of it, evidently?

A. What was it?

Q. About this man Archambault?

A. It was to be consigned to him.

Q. You must have been told?

A. Very likely it was in the message when I got it. I do not remember just now whether it was or not.

Q. Try and give us the full mesage. You were asked if you had furnace coal and you said 'yes.' He asked you to send some to Ottawa and you agreed to do it?

A. Yes.

Q. That was the whole of the conversation?

A. It was, I think, I believe that that went in his own name.

By Mr. Brodeur:

Q. In his own name?

A. The deputy minister's.

By Mr. Northrup:

Q. Practically the same conversation each time?

A. Yes.

Q. Try and recollect how Archambault's name came up?

A. Very likely he must have said to address the car to him, on account of his having to attend to it afterwards.

Q. You say it must have been said? That is not an answer?

A. A man cannot remember everything over a 'phone.

Q. Give me as far as you can, give me from your memory, all that you can recollect of how you came to get Archambault's name?

A. It must have been given over the 'phone.

Q. Do you remember as a matter of fact?

A. No, I do not.

Q. Can you tell me how it came to be sent to Archambault?

A. It must have been ordered.

Q. Can you remember how you came to send it to him?

A. No, except it was ordered over the 'phone.

Q. Was the car sent last year, 1905?

A. I think that was the last one that was sent, because he must have been going away somewhere, and left it to the man to attend to.

Q. Do you remember if the deputy told you he was going away?

A. No.

Q. It is just argument in your own mind?

A. Yes.

Q. You do not recollect it at all?

A. No.

Q. You cannot tell me how you came to send it to Archambault?

A. I would say it must have been in the 'phone message.
Q. You cannot recollect it as a matter of fact in your memory?
A. No.
Q. Are you perfectly clear that the car was sent to the deputy?
A. I think so.
Q. You swear to that?
A. To the best of my knowledge, I do.
Q. Are you quite clear?
A. Not extraordinary clear, but I think so.
Q. Not clear enough to swear to it?
A. No.
Q. Clear that the car was sent to Archambault?
A. Yes.
Q. That is the right name?
A. I do not remember the name.
Q. Would you remember the name Joseph Archambault?
A. It was a name like that.
Q. Now, you brought your book with you?
A. Yes.
Q. Will you show me the orders for this coal; are there entries in your book?
A. Yes, an entry in that book.
Q. Let me see the book?
A. All right, sir. (Book produced.) Here is the entry.
Q. This is the journal; this is not the original entry?
A. It is the original entry.
Q. It is not carried to this from any other book?
A. No.
Q. Now this journal, I suppose, contains the entries of your business?
A. Yes.
Q. You use it from year to year?
A. Yes.
Q. As this coal was supplied the entry was made directly in this book?
A. Yes.
Q. Whose handwriting is this (referring to exhibit)?
A. That is my handwriting.
Q. Does it strike you that any ordinary man would say that these entries were all made the same day?
A. No.
Q. You will swear they were made a year apart?
A. Yes.
Q. And these are the original entries?
A. Yes, the original entries.
Q. I do not see any receipt here—it is still charged up against them?
A. Here is the receipt. (Referring to entry in book.)
Q. Does it strike you that these entries in the account produced are apparently made at the same time too?
A. Oh, no.
Q. Then the deputy minister paid you $6.50 the first year?
A. Yes, sir.
Q. And paid $5.95 the second year?
A. Yes.
Q. Paid you $6.50 the first year and——
A. Yes.
Q. I see last year, 1905, you first charged the deputy minister $6.75?
A. $6.75 at first, but on account of the large freight he was paying I did not ask him that price.

Mr. JAMES BUCKLEY.

Q. You first charged him $6.75, and then you crossed that out and reduced it to $5.95?

A. No, $6.75, but afterwards I reduced it to $5.95, for when you take the freight to Ottawa that is large enough.

Q. Take the account as it was at first, you first charged in the book $6.75?

A. No, I did not. That was a mistake.

Q. You put it down that way?

A. I know, but have you never made a figure yourself?

Q. Just answer my question?

A. I did not charge him $6.75.

Q. You first charged him $6.75 in your book?

A. No, I did not charge him $6.75 for it; $5.95 was all.

Q. You first entered in your book a charge of $6.75?

A. Yes.

Q. And then on your own account you cut it down to $5.95?

A. No, I did not cut it down.

Q. I want to get your evidence for the shorthand writer's notes. Let us have this down. I notice in your book that you made an entry charging $6.75?

A. Yes.

Q. Then you say that was a mistake?

A. Yes.

Q. And so you changed it to $5.95?

A. Yes.

Q. Which was charged?

A. I remembered that was what the boat was paying. I did not want to charge him any more than the boat was paying.

Q. What is the meaning of these figures, 333, 238, 238 and so on? Would they refer to some other book?

A. Which?

Q. These figures along here (referring to paper); have they reference to some other book?

A. That is the little scale book.

Q. Where is the scale book? You did not bring that with you?

A. No.

Q. Every one charged here then is a scale book entry?

A. Yes.

Q. When you charged him $6.75 you carried the charge out in your book, did you not?

A. Yes.

Q. So that you had to change the amount in your book?

A. Yes.

Q. So you had time to think it over?

A. Just on the moment.

Q. You multiplied out the number of tons by the price, and carried out the price on your book?

A. Yes.

Q. And when after that did you change it?

A. It was right on the moment; it was done there. I had $5.95 in my head, as that was what the boats were paying, and I thought I would charge that.

Q. You had multiplied it out, and entered it in your book, and subsequently changed it?

A. Yes.

Q. You had changed it afterwards?

A. Yes.

Q. Do you keep a cash book in your office?

A. No.

Q. No cash book at all?

A. No, there is just myself and I do not keep it.

Q. You have no record of any moneys coming in except what is entered in this book?

A. Yes.

Q. Is this the only book you have?

A. Yes. I am just responsible to myself. I do not keep a cash book.

Q. This is the only book you have?

A. Yes.

Q. You have told us so far about the conversation over the 'phone.

A. Yes.

Q. Twice, once from Ottawa and once from Montreal, the result being that you shipped a car of coal?

A. Yes.

Q. Let us hear what took place now with regard to this carload of coal, the first one. What is the next thing you heard after you shipped it?

A. I collected the money?

Q. That was the next thing, you collected the money?

A. Yes.

Q. There must have been something, you must have written sending the bill, or he must have called you up?

A. No, I was in Ottawa two or three times afterwards, I had other business and went to the department and was paid there.

Q. Take the first car, you were in Ottawa on other business and went to the department and were paid there?

A. Yes.

Q. Take the second car, how were you paid for that?

A. The same way.

Q. You happened to be there and he paid you?

A. Yes.

Q. Are you perfectly certain that these two cars are the only two cars of coal that you shipped to Ottawa on any occasion?

A. That was all.

Q. Perfectly clear?

A. Yes.

Q. Think it over carefully?

A. I do not know of any more.

Q. Try and think—any of the officials in charge of the Prescott marine depot and see if you shipped to any of them in that way?

A. No. I sold a car of coal to Morgan in Montreal. I think that was sent to Ottawa.

Q. Who is Morgan?

A. He is a lawyer there.

Q. Morgan is a lawyer in Montreal?

A. That was some time ago.

Q. You sold him a car of coal which was sent to Ottawa?

A. I think it was sent to Ottawa.

Q. To whose address?

A. I do not remember.

Q. Can you look it up in your books and find it from your books?

A. I do not remember.

Q. You have no recollection?

A. Not just now, I might look over the books and see.

By Mr. Fielding:

Q. Is Mr. Morgan an official of the department?

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A. No.
Q. Is Mr. Morgan connected in any way with this transaction?
A. No.

By Mr. Northrup:

Q. Will he say that the man at Ottawa to whom it was sent was not an official?
A. No, he is not an official.
Q. I want to be clear about that, you say the man it was sent to at Ottawa was not an official?
A. I do not know anything about that, I do not remember anything about that.
Q. I am informed there was other coal shipped to officials.
Mr. FIELDING.—Give the names.
Mr. NORTHRUP.—To officials in Ottawa. I can give the name before I get through.
A. I do not know now of any other car but those two I have mentioned. At the present time I do not remember them.
Q. Do you know J. B. Fraser?
A. Yes.
Q. He is an official of the Marine Department in Prescott?
A. Yes.
Q. Did you sell a carload of coal to him?
A. Yes.
Q. Are you clear now; think it over?
A. I think he got a carload of coal, that is two or three years ago; I do not know who he wanted it for.
Q. That was two or three years ago?
A. Yes.
Q. After he went to take charge at Prescott. Was he an official of the department at that time?
A. Yes, but he did not buy it for himself, I do not think; whatever coal he got he paid me for it.
Q. Look up your book and see if J. B. Fraser is recorded there as having bought coal?
A. J. F. Fraser, in 1903, got some coal from me.
Q. It is J. F. Fraser?
A. Yes.
Q. Where was it shipped to?
A. I do not remember now where it was shipped.
Q. Where is the entry?
A. There is the entry there; he paid me for it on August 15th.
Q. 8 tons, and 10 tons and 25 tons, is it?
A. Yes, sir.
Q. At $5.50. Was this man Fraser living at Prescott at this time?
A. No, he was not living at Prescott. He did not have the Marine and Fisheries depot there then. I would send coal to any one.
Q. As a matter of fact did you send it to Ottawa?
A. I must have; here it is, August 15th.
Q. He paid for it all in one cheque?
A. Yes, sir.
Q. On August 15th?
A. Yes.
Q. In the summer of 1903?
A. Yes.
Q. Do you remember sending it to Ottawa to him?
A. No, I do not. I do not know where he sent it. He might have sent it upon the road or up here, I do not know which.

Q. There is no record in your book to show where it went?

A. No.

Q. It is not entered like Col. Gourdeau's?

A. No.

Q. The entry in the book of Col. Gourdeau's shows that it was sent to Ottawa; this does not?

A. No, that was for freight; Fraser must have paid the freight himself.

Q. Can you recollect if this payment was by cheque?

A. Yes.

Q. Do you remember how you received that?

A. He gave me a cheque in the office.

Q. In your office?

A. Yes.

Q. And you deposited it to your credit in the bank on that day?

A. I do not know whether it was that day exactly.

Q. Can you, from your bank book or in other ways, show us what became of that cheque?

A. The cheque would be deposited to my credit.

Q. You could produce your bank book and show it?

A. I am positive he paid for that coal.

Q. You are positive you put the cheque in the bank?

A. Yes.

Q. Do you remember as a matter of memory?

A. His giving the cheque for the coal?

Q. And you remember putting that cheque in the bank?

A. Yes.

Q. You let him have it at $5.50, I see?

A. That was in 1903. The price of coal varies.

Q. Take the folio here; it was in Col. Gourdeau's name—where do you find that other account—you were paid, you tell me, on October 1st, 1904?

A. Yes, sir.

Q. You received that cash, you say, in the colonel's office?

A. The cash.

Q. So you were certainly in Ottawa on the 1st of October, 1904?

A. Yes.

Q. What hotel were you staying at?

A. I do not remember. Sometimes I do not go to a hotel. We get in here at 10.30 and have to leave again at 2.30 to get back.

Q. You have no recollection of the date you got that money, whether you were staying over here?

A. I do not.

Q. As to last fall, you remember that?

A. I do not. I do not always go to a hotel when I come here.

Q. Cast your memory back to that date, when you came to Ottawa and went to Col. Gourdeau's office and he paid you $105?

A. Yes.

Q. Can you recollect the events of that day?

A. I do not know that I went to a hotel or not.

Q. You cannot recollect?

A. No; I do not always go to a hotel. We are only here two or three hours, you know.

Q. Do you happen to remember the date the marine depot was started in Prescott?

A. No.

Q. You do remember, I suppose, when this Mr. Fraser got that coal from you, he was an officer of the department?

A. Yes.

Q. You have no doubt about that?
A. He was on the boat, on the *Scout*.
Q. One of the officers?
A. Yes.
Q. Not one of the crew of the *Scout*, but one of the leading officers?
A. Yes.
Q. At that time was the department buying coal from you?
A. Yes, a little, but a very little, though.
Q. Ever since the Marine Department was established in Prescott has not Mr. Fraser been in charge of it?
A. Yes.
Q. He is the principal man?
A. The principal man.
Q. The man who buys the stores there?
A. He was, yes.
Q. Is he not the man who controls the government boats on the river?
A. To a certain extent, yes.
Q. He is now the man that is in charge of the lights on the river?
A. I think so.
Q. In fact, he is the principal officer you have to deal with on that river?
A. Yes, he is commissioner of the lights, you know.
Q. Did I understand you to say, Mr. Buckley, that this journal is the only book you keep in your business?
A. Yes.
Q. You have no blotter for orders, for small orders?
A. No, the coal business is not very large, and this and the scale books are the only books we have, we put it right down in this book.
Q. These are the only two you have?
A. Yes.
Q. You have no books in which you enter small lots of a ton or a half ton?
A. Yes, we take this blotter and when night comes on, we just put it on that and total it up.
Q. Then the original entry is not made in this book, the original is made in this blotter.
A. No, the number of tons is added up in this weigh-book or scale-book we use, and it is put down there.
Q. Then there is only one scale-book and this?
A. Yes.
Q. Can you find your scale-book for 1904?
A. No, I do not think it, because we put them away, they are not kept regularly, you know, because there is no need of it.

By the Chairman:

Q. You mean you do not keep them?
A. No, we do not keep them for any reference, or anything, this is the book we depend on.

By Mr. Northrup:

Q. You say you cannot find your scale-book for 1904-5?
A. I do not think so.
Q. Will you look for it and let us have it?
A. I will if I can find it.
Q. For September, 1904-5?
A. Yes.

By the Chairman:

Q. We only want the books up to the first of July, 1905?
A. I do not know if I can get it now, I will try for it.
Q. You need not come back with it, you can send it.
A. Yes.

By Mr. Northrup:

Q. I think you said at present you are supplying coal under contract made after tender?
A. Yes.
Q. Are you selling coal now any cheaper than when you gave it without tender?
A. Yes.
Q. How much cheaper?
A. Well, you know, the price of coal varies, you cannot always tell. There was a lot of people came up against me, they wanted to put coal in there, and I made up my mind I would get that contract if I had to give it at cost. That is the whole amount of it as far as that is concerned.
Q. Give us your price?
A. You mean to the Marine and Fisheries Department?
Q. Yes.
A. In 1905, $5.95 for anthracite, $4.10 for bituminous, and $5 for blacksmith.
Q. There is one other point I want to ask you about. I see the department allowed you $100 for wintering the boats?
A. Yes.
Q. How do you explain that item?
A. Why, because they went and used one of my slips there for three years.
Q. What boats were laid up?
A. The *Scout*—what is the name of the other boat? The *Reserve* and the *Maisonneuve* was the name of another, and then the scow *Prescott* was there. They should have paid me about $500 a year for it, but they cut me down to about $125 and allowed $100 on account, which I got. I do not know whether I will get the rest of it or not, but I intend to.
Q. Just explain what $100 was paid you for?
A. It was on account.
Q. On account, but what for?
A. On account of the same thing.
Q. On account of the boats being tied up at your docks?
A. Yes.
Q. What time of the year was it?
A. All the winter, and in the summer, at their own depot they had no place for moorings.
Q. This $100 was paid you for the use of your dock, tying up vessels, during both summer and winter?
A. I only took it on account.
Q. You claimed how much?
A. I am going to claim all I can get; I believe about $125.
Q. You are claiming about $125?
A. Yes.
Q. Is that in addition to what you got?
A. I believe they are willing to give me about $125 a year for the use of the dock.
Q. In summer and winter?
A. Yes.
Q. Has not the department a dock of their own there?
A. They have now, but they had not then.

Q. How long have they had one?

A. Probably for a part of last summer and this winter. We have agreed on $125 a year.

Q. That is for the use of your dock summer and winter?

A. For mooring these boats summer and winter; but I ought to get more than that.

By Mr. Johnston:

Q. You say that some of the orders for this coal you received by requisition and other orders you received over the telephone?

A. Yes.

Q. Are you in the habit of getting orders over the telephone from other customers?

A. That is general. Most of the coal is ordered that way.

Q. That is not an unusual way of ordering?

A. Oh, no.

Q. Mr. Northrup asked you about getting receipts from those people to whom you delivered coal, to the Marine and Fisheries Department?

A. Yes.

Q. You say you got no receipts from them?

A. No.

Q. Are you in the habit of getting receipts from your customers?

A. No, I never get them.

Q. So that your method of doing business with the Marine and Fisheries Department is just exactly the same as with every other customer?

A. Yes.

Q. You simply furnish the coal and bill them for the money?

A. Yes.

Q. With regard to the checking of this coal for the purpose of paying the duty, you had to account for every ton of coal that comes in?

A. Every ton of coal that is brought in.

Q. You have so many tons of coal put in bond?

A. Yes.

Q. And you have to account for so many tons of coal?

A. Yes.

Q. So that the system of checking is all right; there can be no question about that?

A. Yes, you cannot do it any other way.

By Mr. Stockton:

Q. Do I understand the witness to say he never takes or gives receipts?

A. Never takes or gives receipts.

Q. When you get money?

A. No; it is in regard to the delivery of coal I am speaking.

Witness discharged.

Mr. WILLIAM H. STEPHENSON called and sworn, and examined

By Mr. Northrup:

Q. You are the mayor of Prescott, I believe?

A. Yes, sir.

Q. And you are in the coal business, I believe?

A. In the coal business, yes.

Q. As mayor of Prescott do you have to buy any large quantity of coal for the town?

A. We do for the water-works department. I am one of the water commissioners as well as the mayor.

Q. And then you have to buy a good deal of coal for the town as such?

A. Yes.

Q. Where do you buy it for the town?

A. From the George Hall Company, Ogdensburg.

Q. Do you happen to know where the Wiser firm buy their coal?

A. They buy from the same people.

Q. Do you know where the starch works bought their coal?

A. Well, they bought the most of their coal from Hall.

Q. Is there any other large industry in Prescott besides these?

A. There is nothing, I think the brewery there, I think they buy from Buckley. Those are the only industries that use any large quantity of coal. Of course there is the elevator there, but they have not been running for some time, and have not been buying very much, only for heating.

Q. What does the town of Prescott pay for coal?

A. About $5,000 a year for fuel.

Q. How much per ton are you paying?

A. $4.40 in bond.

Q. $4.40 in bond?

A. Yes.

Q. That is for soft coal?

A. Yes, we do not use anything else. That is last year's prices, we have not bought anything this year.

By Mr. Brodeur:

Q. What is the duty?

A. Fifty-three cents. The $4.40 was delivered on our dock, but it was in bond on our dock.

Q. That is ex-vessel not on the wharf, you take it from the vessel yourself?

A. They put it over the rail, I think. I think we had to hire a man or two, costing us five or six cents a ton extra.

By Mr. Northrup:

Q. I understand the town of Prescott buys coal from Ogdensburg, and it is delivered in Prescott for $4.40 a ton in bond.

A. Yes.

Q. How many pounds to the ton, as you buy it that way?

A. That is a net ton.

Q. 2,200?

A. No, a ton of 2,000 pounds.

Q. You buy it from the States delivered that way, net 2,000 at Prescott?

A. Yes, that is the price delivered on our dock, it costs us $4.40.

Q. What do you pay for hard coal?

A. Of course the price of hard coal varies.

Q. What was it last year?

A. It varies 50 cents during the season, the ordinary price. We buy our coal delivered in Ogdensburg, at $5.85 gross, then there is 35 cents for terminal.

Q. That would mean 2,200 pounds?

A. Yes, that would be equal to about $5.35 net, in Ogdensburg. Add 35 cents to that and you have got the cost in Prescott.

Q. I see in the year ending June 30, 1905, both you and Mr. Buckley were selling coal in Prescott to the government?

A. Yes, but most of that item was not sold by me. I bought out a man that was in business who had been furnishing the department, and I simply billed his coal, 163 tons, sold by Mr. Heck to the department.

Q. That year, ending June 30, 1905, I understand from Mr. Buckley, there were no tenders?

A. No, no tenders.

Q. Were you in the coal business that year in Prescott?

A. Yes.

Q. If tenders had been asked for that year in Prescott as prices were, would you have contracted at the same figure or a lower or a higher figure than you did without tender?

A. It certainly would have cut the price some.

Q. As a matter of fact last year the department did call for tenders in Prescott?

A. Yes.

Q. You don't know if the price was cut down?

A. Oh, yes, it was cut down very much.

Q. Did you tender last year yourself?

A. I did, yes. There was a good deal of opposition, and we cut prices pretty fine when we have to.

Q. Did you have any conversation with Mr. Buckley about that contract that would explain why you did not get it, can you tell me?

A. Well, I do not know—I do not know as it would explain why I did not get it. I did not get it because Mr. Buckley tendered lower than I did.

Q. Did he tell you he had it fixed with the department, that he would get it anyway?

A. He said something to that effect, but Mr. Buckley's tender was certainly lower than mine.

Mr. BRODEUR.—I object to the question. I think it is only fair to ask what conversation he had with Mr. Buckley and not to ask leading questions.

By Mr. Northrup:

Q. Did you have conversation with Mr. Buckley about the contracts or the tenders?

A. Well, yes, I think I did.

By Mr. Brodeur:

Q. Did you have any conversation?

A. That is about this last contract?

Mr. NORTHRUP.—The last contract?

The WITNESS.—Mr. Buckley wanted me to withdraw my tender.

Mr. BRODEUR.—I object to that. That question relates to this year, and we have no right to go into that year.

The CHAIRMAN.—You must confine yourself to what happened up to the 1st July, 1905, but not since.

The WITNESS.—I think this would not come in.

Mr. NORTHRUP.—I submit we have a right, and for this reason, we have no right to go into the contracts for the coming year, but we have a right to get any facts to shed light on the action of the government which commenced last year to let the contract by tender.

The CHAIRMAN.—I must rule that this question is not a pertinent one at all, because it refers to a contract for the current year. (To the witness)—You must limit yourself up to 1st July, 1905.

The WITNESS.—All right.

By Mr. Brodeur:

Q. You are in the coal business, Mr. Stephenson?

A. Yes.

Q. You are competing with Mr. Buckley?

A. Yes.

Q. You sold during the year 1904-5 some coal to the government—to the department?

A. Yes.

Q. How much did you sell—hard coal?

A. I think I only sold them about 9 tons, or 9¼ tons—something like that, a very limited amount.

Q. At how much?

A. I got $6.50; that was the ordinary price of coal.

Q. How much did Mr. Buckley receive at the same time for his coal?

A. The same.

Q. The same price?

A. Yes.

Q. Was it too big a price?

A. No, it is a low price. We were 50 cents lower than Brockville.

Q. Was it a fair price for that year?

A. It was not an extra price, no. We had not more than 50 cents a ton clear profit on it.

Q. So you do not consider that the price which was charged that year was a high price?

A. No. All the profit I made on that item there was $9.70. All the coal that appears in my name that I sold, $9.70 for all the soft coal that I sold the department, that was my total profit.

Q. How many tons did you sell?

A. There was 163 tons. Of course that was not mine. I bought out a man who was furnishing the government with coal, and simply charged that over to the department, but I had no profit on it.

Q. Last year with the coal at $6.50, was that a fair price?

A. Yes.

Q. In your case as well as Mr. Buckley's?

A. Yes.

Q. How much did you charge for soft coal last year?

A. Five dollars.

Q. The same price as Mr. Buckley was charging?

A. Yes.

Q. Did you consider it was too big a price?

A. No, it was a fair price, the way they ordered it. They would not give us any large order at one time. If we had a large order, or say 500 tons, we could bring in a cargo of coal and we could sell it much cheaper. But we got only small orders, sometimes 6 or 7 tons.

Q. I see some other coal was supplied at $4.85?

A. Yes. That was Heck's coal. I had nothing to do with it, except I billed the department. I took that bill over from him.

Q. How many tons?

A. 163 tons, I think.

Q. You charged $4.85. Was that too big a price?

A. No.

Q. Is that the same coal which Buckley was selling to the department for $4.50?

A. No; I do not know whether he bought it from the same company.

Q. Was it soft coal?

A. Yes.

Q. He was charging the department less than you were charging yourself?

A. Yes.

Q. And as your price was not a big price, you admit also that his price was lower and would therefore be a very low price?

A. It was not out of the way. The price that he is furnishing coal at this year is a ridiculously low price.

Q. This year?

A. Yes.

Q. Let us speak of last year?

A. It was only a reasonable price for the way coal was sold the department.

The CHAIRMAN.—It is hard to keep away from last year.

By Mr. Savoie:

Q. What difference do you make between one car or two cars or one boatload?

A. Of course it makes some difference to us.

Q. How much?

A. It would possibly make a difference of 20 cents a ton.

By Mr. Brodeur:

Q. You are mayor of Prescott?

A. Yes.

Q. And who are selling to the town of Prescott?

A. The George Hall Company.

Q. An American concern?

A. They are an American concern, yes. I buy my own soft coal from the same firm.

Q. What is the quantity that the town of Prescott uses in a year?

A. Well, they use a good deal. Our fuel bill is about $5,000 a year.

Q. And you are paying how much?

A. It costs us $4.40 a ton.

By Mr. Savoie:

Q. Hauled by boat loads?

A. Yes.

By Mr. Brodeur:

Q. There is the duty to be added there?

A. Yes.

Q. Fifty-three cents?

A. Yes.

Q. So that it makes $4.93?

A. Yes.

Q. So you are paying in Prescott very much more than the department is paying to-day?

A. Oh, yes, far more.

Q. So that the department is better administered than the town of Prescott?

(No answer.)

Q. Did you tender on the coal which was to be delivered this year?

A. Yes.

Q. What is the quantity bought by Wiser, do you know?

A. I do not know. They use a good deal of coal.

Q. Do they use much more than the government?

A. Oh, yes, they use far more.

By Mr. Fielding:

Q. Have the Wisers large warehouses for coal; do they carry it in stock and get it delivered from time to time?

A. They carry it in stock. I might say the Wisers do not use the same kind of coal of course that we or the government use. They are burning slack; they have a stoker in there.

Mr. BRODEUR.—In reply to one of the leading questions by Mr. Northrup to-day the witness stated, before we had time to make the objection, that Mr. Buckley said he had fixed the matter with the department. I would not like to see that answer go in the evidence, as it was decided by the chairman that the question should not have been put; I think that should be struck from the evidence.

Mr. NORTHRUP.—Surely I have the right to have that recorded, since you have gone into that matter by asking questions and eliciting from the witness the statement that the town is not as well served as the government.

The WITNESS.—I do not think, gentlemen, there is any danger of an arrangement being made between the dealers in Prescott, or any combination; there is too much rivalry there in the trade. We sell coal there, and always have, cheaper than it is in any other place. There was no understanding with the department in any way. I had no communication with the department excepting by the tender and the telegrams I had.

The chairman ruled that the question objected to by Mr. Brodeur was not pertinent to the inquiry.

Witness discharged.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
JULY 7, 1906.

The Select Standing Committee on Public Accounts met here to-day at 10 o'clock, a.m., Mr. Roche (Halifax) in the chair, and proceeded to further consideration of certain payments to Mr. Jas. Buckley for coal.

Mr. J. F. FRASER recalled, and further examined

By Mr. Brodeur:

Q. In the matter of the Buckley case, it has been stated here in the committee that you purchased from Mr. James Buckley some coal?

A. Yes, I did.

Q. When was that?

A. In the spring of 1903, at the time of the anticipated coal strike in the anthracite regions.

Q. Did you pay for that coal?

A. I did, I gave Buckley my cheque for it.

By Mr. Northrup:

Q. You bought some coal from Buckley?

A. Yes.

Q. Was it cheaper there than here?

A. I do not know; I think the current price was very much the same. I purchased it for less than the market price in Prescott or in Ottawa.

Q. Like Colonel Gourdeau, you got it for the same price as the government were paying?

A. I think I got it rather less.

Q. Paid your own charges?

A. Paid my own cartage, freight and weighing, and I think it amounted to fifteen or twenty cents a ton less than coal was selling at in Ottawa. At the time that coal was purchased it was not possible in Ottawa to purchase a cellar full of coal, you could not get it. So remembering my experience of a few years ago, when coal went up to $8 and $10 and $14 a ton, I had no desire to be caught in that way, and knowing Buckley, I purchased the coal from him. I think it cost me 15 or 20 cents (after paying all the charges) less than the current rate in Ottawa at that time.

Witness discharged.